Government of Tamil Nadu
State Planning Commission

ECONOMIC SURVEY OF TAMIL NADU 2025-26

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Foreword

Tamil Nadu Economic Survey was published for the first time in our state last year. In continuation of that tradition, we have prepared the Survey for this year as well.

Tamil Nadu Economic Survey 2025-26 traces the trajectory of our State's economy during the past five years. It comprises of ten chapters covering important facets of the economy and how they have performed over time. Tamil Nadu's growth story, as we all know, is unique. Its economic progress is driven by a century long effort to bring in social justice. The state focussed and continues to focus on both growth and social justice, resulting in a robust model for many other states to emulate. This unique model has resulted in a balanced sectoral growth. In fact, our double digit growth recorded last year was spearheaded by the secondary sector which our national economy and many other states aim to achieve.

The Survey not only highlights the stellar performance of the State's economy, it also indicates areas of concern that needs to be addressed to reach the desired twin targets of a trillion-dollar economy and a per capita income on par with developed countries.

Sustaining this scorching pace with social justice is a sure way of escaping the middle income trap by the next decade.

I commend the contributors for the survey. I thank Madras Institute of Development Studies (MIDS) and Finance Department, Government of Tamil Nadu for coordinating this effort on behalf of the State Planning Commission. I fervently hope that this document will be an important aid for policy makers, academicians and the executive in discussing the growth story in an informed way, and ensure the sustained journey towards our shared dream of making the State of Tamil Nadu great and the people of our State prosperous.

J.Jeyaranjan
Executive Vice Chairman,
State Planning Commission

EXECUTIVE SUMMARY

ECONOMIC SURVEY OF TAMIL NADU (2025-26)

1. Post pandemic recovery coincided with major policy shifts reshaping global trade. Since February 2025, multiple rounds of US tariffs and retaliatory measures heightened trade uncertainty. The global economy grew at 3.3% in 2025. India's economy recorded 6.49% in 2024-25, but increased its growth performance to 7.4% in 2025-26. Despite global headwinds, Tamil Nadu remained resilient.

2. With a diversified economic base, robust infrastructure, and progressive policies, Tamil Nadu has positioned itself as a leader in development and inclusive growth. The State's balanced growth model, which combines rapid industrialisation with strong social welfare and sustainability initiatives, has made it a role model for other states.

3. Tamil Nadu's sustained high performance has significantly contributed to India's overall economic and developmental progress. Despite accounting for only 4 % of India's land area and 6% of its population, the State contributed 9.4% to national GDP in 2024–25. Its Gross State Domestic Product at current prices reached Rs.31.19 lakh crore in 2024–25, reflecting a nominal growth rate of 16% and a real growth rate of 11.2%, the highest among major states.

4. The State's sustained economic growth is driven by both the expansion of aggregate supply and the strengthening of aggregate demand. On the supply side, Tamil Nadu benefits from significant productive capacity and efficiency advantages. It has developed strong physical infrastructure, including reliable electricity, extensive road and port networks, and well-planned industrial corridors, which together enhance industrial competitiveness. High levels of human capital, reflected in literacy, technical education, and skill development, ensure a productive workforce capable of supporting both manufacturing and services.

5. Tamil Nadu's diversified industrial base, spanning both traditional and modern sectors, along with a vibrant MSME ecosystem, has promoted broad-based production growth. The manufacturing sector recorded a robust real growth rate of 14.74% in 2024–25, more than three times the all-India average of 4.5 %. Over the four-year period from 2021–22 to 2024–25, Tamil Nadu led the nation with an average manufacturing growth rate of 9.38%. The adoption of advanced technologies, the presence of research institutions, and the development of IT clusters in Chennai, Coimbatore, and Hosur have further

strengthened productivity and innovation. Combined with sound governance and an enabling regulatory environment, these factors have enhanced supply responsiveness and attracted sustained investment. The Economic Survey of India 2025–26 recognises Tamil Nadu as the foremost contributor to India's manufacturing employment, accounting for 15% of the nation's total factory workforce.

6. In 2024–25, the primary sector contributed 13.4%.to the State's Gross State Value Added, the secondary sector 33.1% and the services sector contributed 53.6%. As observed in developed economies, a further increase in the share of the secondary sector could significantly improve employment prospects.

7. The services sector also registered strong performance, achieving a double-digit real growth rate of 11.3% in 2024–25. Within the sector, real estate, public administration, transport, hotels and restaurants, and other miscellaneous services all recorded double-digit growth, reflecting broad-based expansion.

8. Tamil Nadu continues to rank among the top Indian states in attracting foreign direct investment. While India's overall FDI equity inflows declined from US$46.03 billion in 2022–23 to US$44.42 billion in 2023–24 amid global uncertainty and tighter financial conditions, Tamil Nadu defied the trend. The State's FDI inflows increased steadily from US$2,169 million in 2022–23 to US$2,436 million in 2023–24, and further to US$3,681 million in 2024–25.

9. On the demand side, the State benefits from a large and diversified consumer base, rising per capita income, and rapid urbanisation, all of which fuel household consumption, particularly in urban and semi-urban areas. Strong investment demand, driven by private investment in manufacturing, automobiles, electronics, and renewable energy, is supported by a conducive business environment and progressive industrial policies. Government expenditure on infrastructure, education, health, and social welfare further reinforces aggregate demand.

10. Tamil Nadu's export performance provides an additional stimulus to growth. The State consistently ranks first in exports of electronics, textiles, and leather products, and second in engineering exports. Recognised as the 'Detroit of India', Tamil Nadu is a major hub for the automobile industry. Merchandise exports nearly doubled from US$26.15 billion in 2020–21 to US$52.07 billion in 2024–25, highlighting the State's growing global competitiveness and industrial diversification.

11. While demand-side forces generate short-term growth impulses, Tamil Nadu's long-term growth potential is anchored in its supply-side strengths, particularly its human capital, infrastructure, and institutional quality. This structural foundation has enabled the State to maintain growth momentum even in periods of global uncertainty.

12. Tamil Nadu's per capita income growth has consistently outpaced the national average. In 2024–25, per capita income reached Rs.3.62 lakh, which is 1.77 times higher than the national average of Rs.2.05 lakh, making Tamil Nadu the third-largest state in terms of per capita income.

13. Unlike states where economic activity is concentrated in a single metropolitan hub, Tamil Nadu's development is more evenly distributed across multiple urban centres. Cities such as Coimbatore, Madurai, Tiruppur, Tiruchirappalli, and Salem contribute significantly to the State's economy, helping bridge the urban–rural divide. In a notable achievement, every district in Tamil Nadu is now covered under one or more industrial corridor projects, making it the only state in India with such extensive industrial integration.

14. District-wise per capita income data for 2023–24 reveal variations arising from differences in urbanisation, industrial development, and geographical advantages. Nevertheless, the per capita income of top eight performing districts exceed the per capita income levels of top-performing states such as Telangana, Karnataka, and Haryana. Notably, in 32 out of 38 districts, per capita income was higher than the all-India average.

15. As a highly industrialised and urbanised economy, Tamil Nadu aims to achieve a one-trillion-dollar economy by 2030. As the State continues to move up the industrial and technological value chain, it is well positioned to attain both its trillion-dollar economy goal and developed income status well in advance.

16. Global inflation moderated gradually to 6.6 % in 2023 and further to 5.8% in 2024. India's retail inflation also declined from 5.5 % in 2023–24 to 4.6 % in 2024–25 and further to 1.7 % in 2025–26 up to December 2025. Tamil Nadu similarly experienced a decline in retail inflation from 5.4 % in 2023–24 to 4.6 % in 2024–25 and further to 2.3 % during the same period. Over the longer period from 2020–21 to 2024–25, however, both Tamil Nadu and India recorded an average inflation rate of 5.7 %. In 2024–25, Tamil Nadu ranked tenth lowest in retail inflation among the 18 major Indian states.

17. Urban inflation in Tamil Nadu declined from 5.2 % in 2023–24 to 2.5 % in 2025–26, while rural inflation fell from 5.8 % to 2.1 %. Urban inflation remains the primary driver of overall inflation in the State. Among major categories, food inflation declined sharply to –0.003 % in 2025–26, while inflation in clothing and footwear moderated to 1.3 %.

18. Although inflation is primarily a monetary phenomenon, its impact is felt directly by households through erosion of purchasing power. The Tamil Nadu government has worked to mitigate these effects through subsidised supplies of essential commodities such as cereals, pulses, edible oil, and electricity, along with income-support programmes including the Kalaignar Mahalir Urimai Thittam.

19. Agriculture in Tamil Nadu remains heavily dependent on the monsoons and contributes Rs.1.9 lakh crore, accounting for 6.6 % of the State's GSVA, making it the fifth-largest sector. The gross cropped area increased from 43.31 % of the State's geographical area in 2016–17 to 47.58 % in 2023–24. In 2024–25, the gross cropped area stood at 62.25 lakh hectares, with a crop intensity of 1.29.

20. Tamil Nadu achieved notable success in agricultural productivity during 2024–25, ranking first in ragi and sugarcane yields, second in oilseeds, and third in groundnut yields. The State's success in banana cultivation has also been cited by the Economic Survey of India as a region-specific horticultural achievement.

21. Agricultural credit has played a vital role in supporting farmers in Tamil Nadu. Credit disbursal more than doubled from Rs.2.23 lakh crore in 2019–20 to Rs.4.52 lakh crore in 2023–24, registering a compound annual growth rate of around 19 %. During 2023–24, nearly 299 lakh farmer loan accounts were served, of which 78 % belonged to small and marginal farmers.

22. The Gross State Value Added from the livestock sector stood at Rs.1.47 lakh crore in 2024–25, contributing 5.1 % to the State's GSVA. Egg production increased significantly from 39,249 lakh in 2001–02 to 2.2 lakh million in 2023–24, growing at an annual compound rate of 8.2 %. Fishing and aquaculture contributed 0.99 % to GSVA, with fish product exports of 1.34 lakh tonnes generating Rs.6,854 crore in foreign exchange during 2023–24.

23. Accelerated growth in agriculture and allied sectors is achievable if the State effectively addresses challenges such as groundwater depletion and climate change. The adoption of climate-smart practices, promotion of mechanisation, and greater focus on post-harvest value addition can significantly enhance farm incomes.

24. Tamil Nadu ranked second in the Export Preparedness Index and in the credit–deposit ratio at 120.5 %, and third in total exports at US$52.07 billion in 2024–25.

25. The State's infrastructure policy reflects a shift from isolated asset creation towards systems-based development. Rising capital expenditure has strengthened transport, logistics, energy, water, and urban and rural services. Investments in public transport, electric mobility, metro expansion, and digital integration demonstrate a people-centric mobility vision, while ports, airports, and logistics parks reinforce Tamil Nadu's role as a national gateway for trade. At the same time, execution challenges related to coordination, land acquisition, regulatory clearances, and capacity building remain binding constraints.

26. Employment generation remains central to economic growth and social stability. Tamil Nadu's labour force participation rate increased from 71.5 % in 2021–22 to 72.1 % in 2023–24, while India's LFPR rose from 66.2 % to 71.3 % over the same period. The State's unemployment rate declined from 5.1 % to 3.5 %, compared to a decline from 4 % to 3.2 % at the national level. Higher enrolment in higher education and skill development, along with a strong social security system, likely contributed to these outcomes.

27. Labour market outcomes in Tamil Nadu reflect decades of investment in education, welfare, and economic diversification. Post-pandemic indicators show rising labour force participation, higher worker-population ratios, declining unemployment, and a notable expansion of regular salaried employment, placing the State among national leaders in job quality. The transition out of agriculture has been relatively orderly, with manufacturing and services absorbing labour in both urban and rural areas. However, progress remains uneven, with persistent gender gaps, particularly among youth. Addressing care burdens, safety, mobility, and workplace retention will be critical in the next phase, along with strengthening pathways from education to stable employment.

28. A unifying theme across this survey is that Tamil Nadu's growth has been driven not by a retreat from social policy, but by its elevation to the status of economic infrastructure. By treating education, health, food security, mobility, and dignity as enforceable social rights rather than residual welfare, the State has transformed historically excluded groups into active participants in modern growth. This has produced a distinctive development model in which equity and efficiency reinforce each other.

29. The Tamil Nadu government has consistently increased its expenditure on the social sector, rising from Rs.1,13,268 crore in 2021–22 to Rs.1,57,864 crore in 2025–26 (RE). Over time, the State has built one of India's most extensive and innovative welfare architectures. Programmes such as Naan Mudhalvan, Pudhumai Penn, Tamizh Pudhalvan, the Chief Minister's Breakfast Scheme, Kalaignar Magalir Urimai Thittam, and large-scale housing and urban renewal initiatives expand capabilities, reduce household risk, and strengthen aspirations. These interventions are not merely redistributive; they stabilise consumption, sustain domestic demand, and enable workers to avoid distress-driven employment.

Several of these models have set national benchmarks and are being replicated by other states.

30. Women's development in Tamil Nadu represents both a major achievement and a new frontier. The State leads in education, health outcomes, fertility reduction, financial inclusion, and political participation of women. However, high educational attainment coexists with low labour force participation among young and educated women. Care burdens, social norms, mobility constraints, and a shortage of high-quality jobs remain the binding constraints. The next phase of development must move from access to transformation by centring women's employment in policy, expanding childcare, housing, and transport, creating jobs in sunrise sectors, and reshaping norms to redistribute care responsibilities.

31. Tamil Nadu is among the most literate states in India and consistently excels in elementary, secondary, and higher education enrolment. The State has the largest number of technical institutions in the country, including 463 engineering and architecture colleges and 492 polytechnic colleges in 2024–25. Seventeen institutions from Tamil Nadu feature in the NIRF 2025 Top 100 overall rankings, the highest representation among all states. The State leads the country in the Gross Enrolment Ratio in higher education at 47 %, compared to the national average of 28.4 %, and ranks third in female GER at 47.3 %, well above the national figure of 28.5 %. These outcomes demonstrate the effectiveness of Tamil Nadu's welfare and education model.

32. The State also performs strongly across key health indicators. Tamil Nadu has achieved a low infant mortality rate of 12 per 1,000 live births in 2023, a low birth rate of 12, one of the lowest levels of multidimensional poverty at 1.43 % in 2022–23, and ranks third nationally in life expectancy at 73.4 years.

33. Environmental governance in Tamil Nadu is institutionally advanced but faces increasing strain from industrialisation, urbanisation, and climate risks. Persistent challenges related to water pollution, waste management, and air quality call for technological upgrading, stricter enforcement, and greater community-based transparency. Institutional fragmentation and data silos weaken policy coherence, indicating the need for deeper coordination and integrated data systems.

34. Fiscal policy has broadly supported Tamil Nadu's growth trajectory. While the pandemic necessitated expansionary measures that raised deficits and debt, subsequent years have seen stabilisation alongside a strong push for capital formation. Total capital expenditure between 2020–21 and 2025–26 amounts to Rs.2.54 lakh crore, reflecting a decisive emphasis on asset creation. Although the debt-to-GSDP ratio remains below the thresholds recommended by the Fifteenth Finance Commission, future pressures arising

from pay revisions, pensions, and GST rationalisation could strain fiscal space. Sustaining growth will therefore require disciplined and productive use of resources.

35. In conclusion, Tamil Nadu's experience affirms a fundamental principle: social justice is not a cost to development but its most powerful catalyst. By treating welfare as entitlement and capability, the State has transformed exclusion into participation and deprivation into productivity. The coming decade will test the adaptability of this model amid ageing, urbanisation, climate stress, fiscal constraints, and technological change. The task ahead is not to retreat from welfare, but to renew it by making programmes more outcome-oriented, resilient, and aligned with emerging realities. Sustaining high growth with equity will depend on preserving fiscal space for social and capital investment, deepening labour-market inclusion, reorienting industrial and services growth towards learning and employment, completing the shift to climate-resilient infrastructure, integrating environmental governance across sectors, and converting women's social gains into economic participation and leadership.

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Chapter 1

State of the Economy

1.1 Introduction

1.1.1 Tamil Nadu has consistently emerged as one of India's top-performing states across economic, industrial, and social indicators. With a diversified economy, robust infrastructure, and progressive policies, the state has positioned itself as a leader in development and inclusive growth. Its balanced growth model, combining rapid industrialization, strong social welfare and sustainability initiatives, has made Tamil Nadu a role model for other states. The state's continued top performance significantly contributes to India's overall economic and developmental progress. This chapter provides an overview of Tamil Nadu's economic landscape.

1.1.2 Tamil Nadu is India's second largest economy and one of its fastest-growing states. As per the provisional estimates for 2024-25, the state recorded a real Gross State Domestic Product (GSDP) growth rate of 11.19%. This double-digit growth marks the state's strongest economic performance in 14 years, since it recorded a growth of 13.12% in 2010-11. Notably, this growth is far exceeding the national average growth rate of 6.5%. At nominal prices, Tamil Nadu's GSDP is estimated at Rs. 31.19 lakh crore (US $ 370 billion) for 2024-25, reflecting a strong 15.98% annual growth.[1] The budget document projects Tamil Nadu's nominal GSDP at Rs. 36.57 lakh crore in 2025-26 and Rs. 41.03 lakh crore in 2026-26.

1.1.3 This remarkable growth was driven primarily by the secondary sector, which registered 13.43% in 2024-25. Within the secondary sector, the construction sector grew at 11.56%, while the manufacturing industry posted a robust real growth rate of 14.74% (compared to all India average growth rate of just 4.5%). Thus, manufacturing remains the major engine of Tamil Nadu's growth momentum.

1.1.4 The state continues to reinforce its reputation as an industrial powerhouse, contributing 12.65% of India's manufacturing GDP in 2024-25. The state has one of the most developed and diverse industrial ecosystems in the country, with over 40,000 factories, the highest among all states. It also ranks third nationwide in the MSME sector, with more than 39 lakh Udyam-registered Micro, Small and Medium Enterprises (MSMEs), highlighting its strong entrepreneurial base. [2]

1.1.5 Tamil Nadu leads the nation in the four-year average growth (2021-22 to 2024-25) rate of the manufacturing sector at 9.38%, followed by Jharkhand (8.77%) and Karnataka (8.73%). Tamil Nadu stands second in Export Preparedness Index, and credit-deposit ratio (120.5%), third in total exports ($52,073.59 million), and third in per capita (NSDP) income (Rs. 3.62 lakh) in 2024-25. [3]

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1 In 2024-25, Tamil Nadu's GSDP stood at US $ 368.28 billion, surpassing the Czech Republic's GDP of US$ 344.9 billion and slightly trailing Pakistan's GDP of US $ 373.08 billion.

2 Source: https://dashboard.msme.gov.in/Udyam_Statewise.aspx (as of 8th December 2025)

3 Sources: Export Preparedness Index 2022 (NITI Aayog); RBI website; https://niryat.gov.in and MoSPI website.

1.1.6 Tamil Nadu's Gross State Value Added (GSVA) is driven predominantly by the tertiary (services) sector, which accounts for 53.6%, followed by the secondary sector (33.1%) and the primary sector (13.4%). The services sector also registered a double-digit real growth rate of 11.3% in 2024-25. Within this sector, real estate (12.42%), public administration (14.2%), transport, hotels and restaurants (11.29%) and other miscellaneous services (12,49%) achieved double-digit growth rates in 2024-25, reflecting broad-based expansion. [4]

1.1.7 The state has the largest number of technical institutions in India, with 463 engineering and architecture colleges and 492 polytechnic colleges (2024-25).[5] Notably, 17 institutions are featuring in the National Institutional Ranking framework (NIRF) 2025 Top 100 overall rankings, the highest representation among all States in India. [6] These institutions produce a highly skilled workforce that supports both the manufacturing and services. The availability of a disciplined and technically competent labour force continues to attract major multinational companies. Furthermore, the state is investing in research parks, incubation centres, and innovation clusters to foster a knowledge-driven and technology-oriented economy.

1.1.8 Tamil Nadu consistently ranks first in exports of electronic, textiles, and leather products, and second in engineering exports. Tamil Nadu is recognized as the 'Detroit of India' - the major hub for the automobile industry. It is also a pioneer in renewable energy, ensuring reliable power for industries and has developed into a significant logistic hub. [7] Tamil Nadu consistently remains among the top states in attracting Foreign Direct Investment (FDI).

1.1.9 Tamil Nadu is the second most urbanized state (54.72% in 2025), after Kerala (80.08%). It has achieved a low Infant Mortality Rate (12 per 1,000 live births in 2023), low birth rate (12 in 2023), and one of the lowest rates of multidimensional poverty (1.43% in 2022-23).[8] The state ranks third in life expectancy (73.4 years), and fourth in literacy (80.9% in 2011). [9] Chennai, one of the world's largest urban agglomerations, is known for orderly urban management and disciplined civic conduct. The Chennai Metropolitan Area Parking Policy 2025 is recognised as a national best practice in urban demand management. Tamil Nadu ranks first in Civic Behaviour in the India Today Gross Domestic Behaviour Survey. [10]

1.1.10 Tamil Nadu leads the country in the Gross Enrolment Ratio (GER) in higher education at 47%, compared to the national average of 28.4%. It also ranks third in the female GER in higher education (47.3%), well above the national figure (28.5%).[11] Thus, Tamil Nadu's welfare model is successful in bringing fruitful results.

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4 Sources: MoSPI website.

5 Sources: Policy Note (2025-26), Higher Education Department, GoTN.

6 Sources: Economic Survey (2025-26), Government of India

7 Under the National Green Hydrogen Mission, V.O.Chidambaranar Port Authority is identified as one of the three Green Hydrogen hubs in the country, alongside Gujarat and Odisha to produce 5 million metric tonnes of green hydrogen annually by 2030.

8 Sources: Report of the Technical Group on Population Projection, July 2020; SRS Bulletin, September 2025; and Multidimensional Poverty in India since 2005-06, A discussion paper by the NITI Aayog. However, the recent study published in RBI monthly bulletin (Sep 2025) indicates that Tamil Nadu's head count ratio in 2023-24 was 2.1% (6th lowest among major states) in rural areas and 1.9% (the lowest) in urban areas.

9 Sources: SRS based Abridged Life Tables-2019-23, (2025) and Census of India.

10 Sources: Economic Survey (2025-26), Government of India.

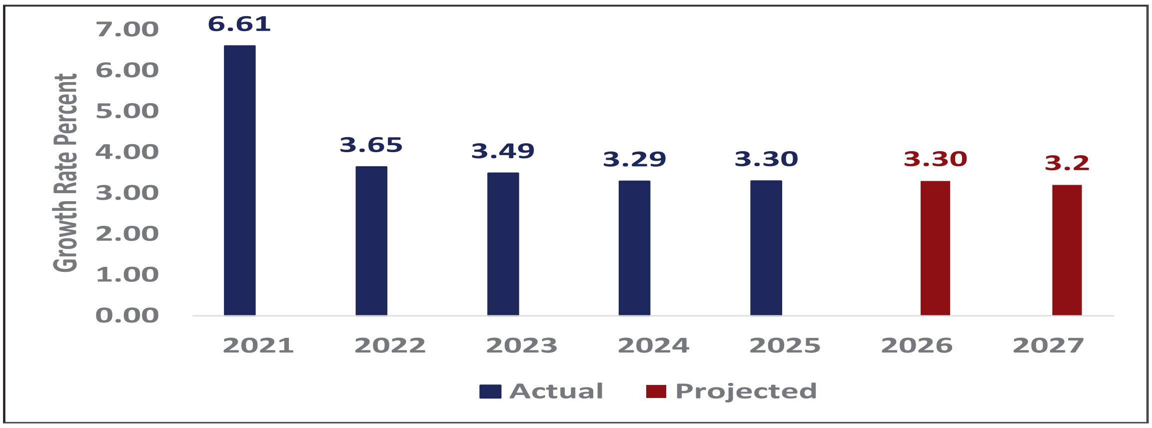
11 Sources: Economic Survey 2024-25 (Statistical Appendix Table 8.3).

1.1.11 The Economic Survey 2025-26 provides a detailed analysis of Tamil Nadu's economy, offering an assessment of key sectors including agriculture, industry, services, and infrastructure. The survey examines trends in inflation, employment, and select social sector indicators along with medium-term growth outlook.

1.2 Global Economy

1.2.1 Economic growth is vital as it lays the foundation for development and long-term prosperity. According to the World Economic Outlook (WEO), the global economy, which had contracted by -2.67% in 2020 due to COVID-19 pandemic, entered a phase of recovery beginning in 2023, registering a growth rate of 3.49% (Figure 1.1).[12] The April, July, and October 2025 and Jan 2026 WEO updates noted that 'signs of stabilization were emerging through much of 2024, following a prolonged and challenging period of unprecedented shocks.' The combined effects of the pandemic, ongoing geopolitical tensions, and extreme weather events had disrupted global supply chains and triggered crises in both energy and food sectors.

Figure 1.1: Growth of Global Economy



Source (Basic Data): World Economic Outlook Database and WEO Update, Jan 2026

1.2.2 Global inflation, which had reached multi-decade highs of 8.6% in 2022, gradually moderated-albeit unevenly to 6.63% in 2023 and 5.8% in 2024, moving closer to central bank targets. Despite persistent uncertainties, cyclical imbalances began to ease during 2024, leading to a more sustainable alignment between global economic activity and potential output. Consequently, the world economy recorded a modest growth rate of 3.29% in 2024, reflecting cautious but steady progress toward post-pandemic normalization.

1.2.3 In the aftermath of the pandemic recovery, major policy shifts have reshaped the global trade landscape, introducing new layers of uncertainty. Since February 2025, the United States has imposed multiple rounds of tariffs on several trading partners, prompting retaliatory measures and heightening trade tensions. [13] Despite these headwinds, the global economy grew at 3.3% in 2025. It is also projected to grow by 3.3% in 2026 and

12 2023 means 2023-24.

13 However, the trade agreements between the USA and certain trading partners have lowered the USA's effective tariff rate. As a result, global economic activity has remained relatively stable in the short run.

3.2% in 2027 (Figure 1.1). Global inflation is expected to ease further, declining from 5.8% in 2024 to 4.2% in 2025 and 3.7% in 2026, reflecting tighter monetary policies and easing commodity prices. Average crude oil prices have fallen steadily from US$96.36 per barrel in 2022 to US$ 80.60 in 2023, and US$ 79.17 in 2024. They are projected to decline further to US$ 68.92 in 2025 and US$ 65.84 in 2026, offering some relief to net oil-importing economies. [14]

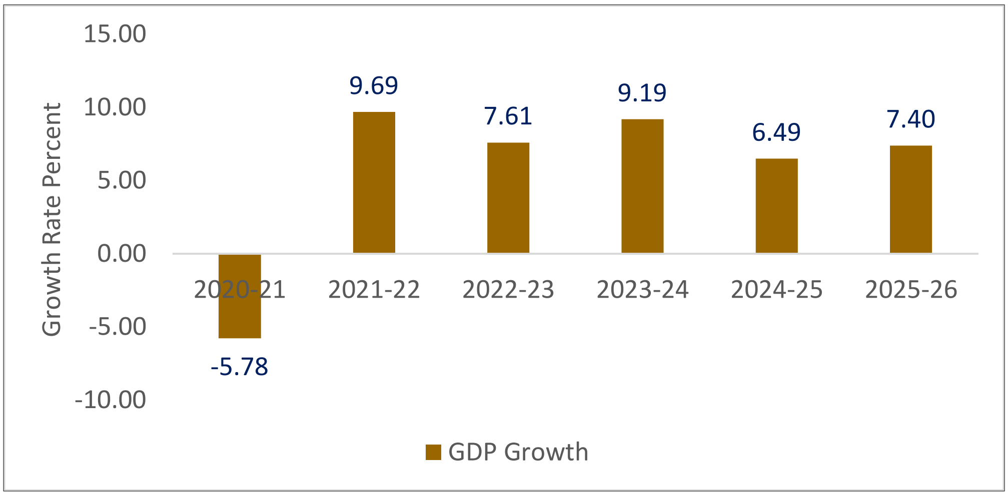
1.2.4 The growth in export volumes of goods and services accelerated to 3.75% in 2024, up from 0.95% in 2023, supported by moderating inflation, lower interest rates, favourable trade dynamics and easing geopolitical tensions. However, renewed tariff wars and policy-induced uncertainties are expected to weigh on trade performance. According to the WEO, global export growth is projected to slow sharply to 1.66% in 2025, before recovering modestly to 2.45% in 2026.

1.3 Indian Economy

1.3.1 India is the world's fastest growing major economy with its growth fuelled by its strong macroeconomic fundamentals, robust domestic demand, rapid digital transformation, and government-led reforms. It is currently the world's fourth largest economy (after USA, China and Germany), with a nominal GDP of Rs. 330.68 trillion (US $ 3.909 trillion) for 2024-25. The IMF forecasts India will overtake Germany by 2028 to become the world's third largest economy.

1.3.2 India's GDP growth in 2011-12 prices was -5.78% in 2020-21 (the COVID-19 year) and showed significant volatility post-COVID, dropping from a recovery high of 9.69% in 2021-22 to 7.61% in 2022-23. Although it rebounded to 9.19% in 2023-24, the growth for 2024-25 was moderated to 6.49%, primarily due to weak investment and slower manufacturing industry growth (Figure 1.2).

Figure 1.2: Growth of Indian Economy



Source (Basic Data): MoSPI

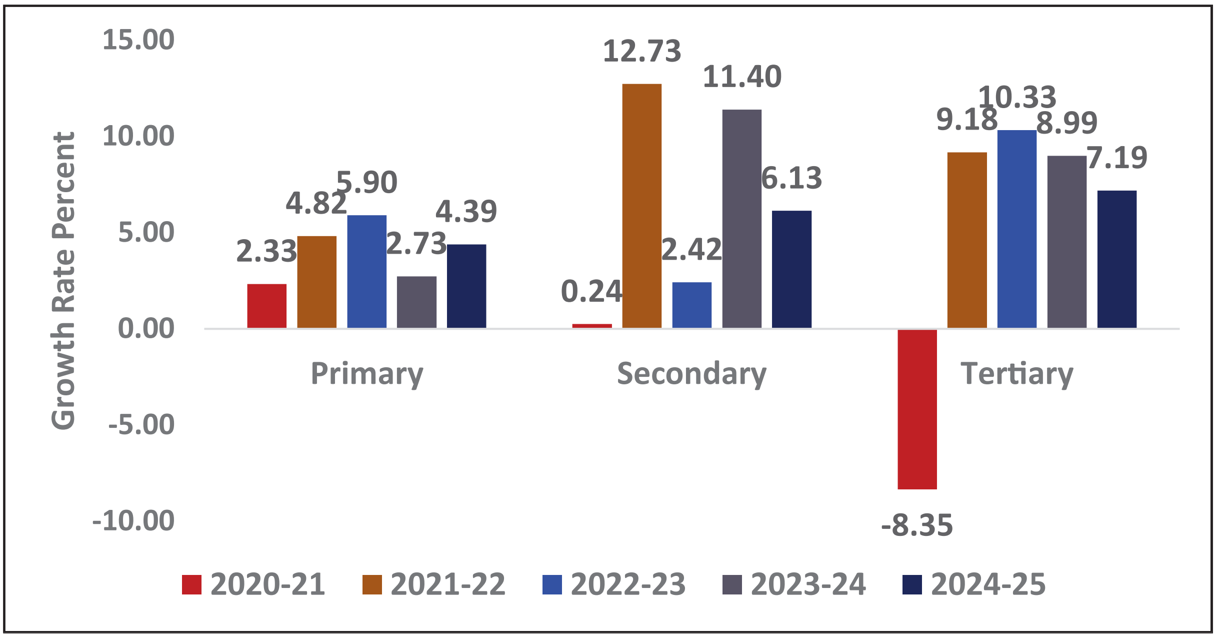
14 WEO Data: October 2024 Edition.

1.3.3 On the demand side, while the Private Final Consumption Expenditure (PFCE) accelerated to 7.2% growth in 2024-25 (up from 5.56% in 2023-24), the momentum in investment, measured by Gross Fixed Capital Formation (GFCF) slowing down, and it decreased from 8.78% in 2023-24 to 7.06% in 2024-25. Regarding external demand, real growth in exports of goods and services was accelerated to 6.34% in 2024-25, compared to 2.2% in 2023-24. Crucially, imports growth declined significantly to -3.67% in 2024-25 from 13.75% in 2023-24. As a result, the drag of net exports on real GDP has lessened, improving from -3.2% in 2023-24 to -0.86% in 2024-25.

1.3.4 Analysis of sectoral growth trends indicate that the tertiary (services) sector bore the brunt of the 2020-21 slowdown with -8.35% growth. It subsequently posted a strong recovery of 10.33% in 2022-23 (Figure 1.3), though its growth has since moderated to 7.19% in 2024-25. In contrast, the primary and secondary sectors managed positive growth of 2.33% and 0.24% respectively in 2020-21, but their subsequent growth path has been volatile, alternating between increases and declines.

1.3.5 During the four-year period from 2021-22 to 2024-25, the average growth rates for the primary, secondary and tertiary sectors stood at 4.46%, 8.17% and 8.92% respectively, yielding an overall average GDP growth of 8.25%. This robust performance highlights the strong pent-up demand post-pandemic, primarily driven by the secondary and tertiary sectors. However, it is important to note that the average growths for five-year period (including 2020-21 Contraction), are notably lower: 4.03% (Primary), 6.58% (Secondary) and 5.46% (Tertiary), resulting in an average growth of 5.44%.[15]

Figure 1.3: Sectoral Growth in India



Source (Basic Data): MoSPI

15 The first advance estimates show that the primary, secondary and tertiary sectors grew at 2.7%, 6.6% and 9.1% respectively in 2025-26.

1.3.6 Between 2020-21 and 2024-25, India's Consumer Price Index (CPI) inflation averaged at 5.68%, exceeding the 4% target (with a tolerance band of ± 2 percentage points) set under the Monetary Policy Framework. However, the inflation trend moderated from 5.4% in 2023-24 to 4.6% in 2024-25, reflecting easing supply side pressures. In its recent meeting of the Monetary Policy Committee (MPC) held between 4-6 February, 2026, the Reserve Bank of India (RBI) opted to keep the repo rate unchanged at 5.25% (the rate at which commercial banks borrow from the RBI), as the central bank has already cut the repo rate by 1.25% in response to falling inflationary pressures.

1.3.7 According to the Department of Promotion of Industry Policy and International Trade Promotion, India's FDI equity inflows stood at US$ 59.64 billion in 2020-21, but declined slightly to US$ 58.77 billion in 2021-22 due to the pandemic-induced slowdown. The inflows further fell to US$ 46.03 billion in 2022-23 and US$ 44.42.08 billion in 2023-24, reflecting global investment uncertainty and tighter financial conditions. However, the FDI inflows rebounded to US$50.05 billion in 2024-25, signalling a recovery in investor confidence.

1.3.8 In the first quarter of 2025-26, the GFCF grew by 7.8% exceeding the average growth of the previous four quarters (at 7.2%) by 0.6 percentage points. The Government Final Consumption Expenditure (GFCE) growth was 7.5%, marginally higher by 0.3 percentage point compared to its recent average. Exports grew by 6.3%, trailing behind import growth of 10.9%.

1.3.9 A major policy reform during this period was the rollout of GST 2.0 on September 22, 2025, which simplified the tax structure by reducing the four core rate slabs (5%, 12%, 18%, and 28%) to two primary rates (5% and 18%) and introducing a special rate of 40%. The reform is expected to reduce post-tax prices and stimulate consumer demand.

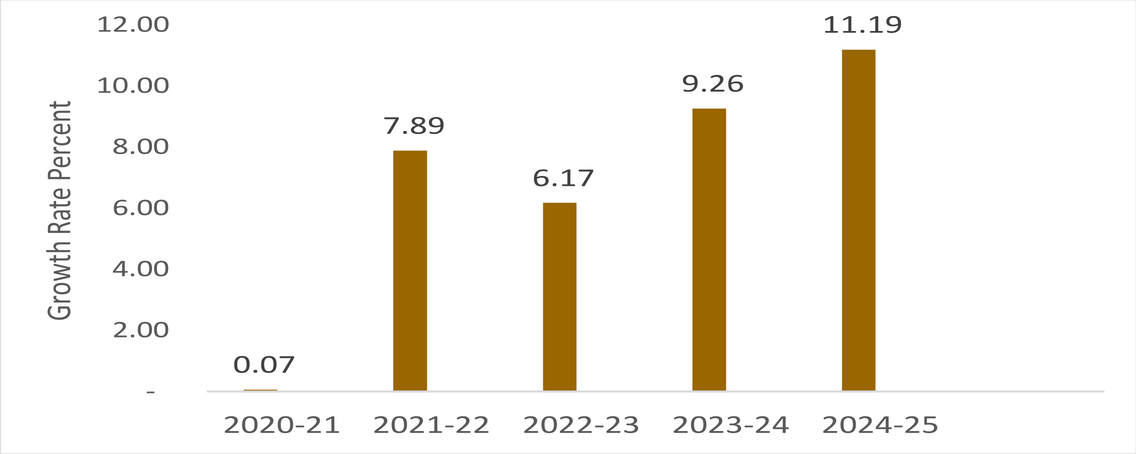
1.3.10 The RBI projects the Indian economy to grow by 7.3% in 2025-26.[16] However, the recent advance estimates indicate 7.4% growth (Figure 1.2). Indian rupee value has continued to depreciate against the US dollar, falling from Rs. 64.45 in 2017-18 to Rs.91 - 92 in recent months, primarily due to global trade imbalances, capital outflows and geopolitical tensions.

1.4 Tamil Nadu Economy

1.4.1 Tamil Nadu, India's second largest economy, has emerged as the fastest-growing state in 2024-25, recording an impressive double-digit growth rate of 11.19% (at 2011-12 prices), compared to the national average of 6.5% (Figure 1.4). This exceptional performance reflects the state's visionary policy framework, resilient industrial base, and commitment to inclusive and sustainable growth. As Tamil Nadu continues to advance up in the industrial and technological value chain, it is well-positioned not only to achieve its trillion-dollar goal by 2030, but also to play a pivotal role in India's transformation into a developed economy status by 2047.

16 However, the WEO (Jan 2026) projects that Indian economy will grow at 7.3% in 2025-26 and 6.4% in 2026-27. The RBI also projected earlier at 6.8%.

Figure 1.4: Growth of Tamil Nadu Economy



Source (Basic Data): MoSPI

1.4.2 During the pandemic year 2020-21, when most state economies contracted, Tamil Nadu recorded a modest yet positive real growth rate of 0.07%, primarily driven by the primary sector, which expanded by 3.37%. This resilience highlights Tamil Nadu's ability to withstand global economic shocks better than the national economy. The state's economy rebounded strongly in the following years, growing by 7.89% in 2021-22, 6.17% in 2022-23 (mainly because the secondary sector grew only at 1.89%), 9.26% in 2023-24 and 11.19% in 2024-25 (Figure 1.4). Between 2020-21 and 2024-25, Tamil Nadu recorded an average annual growth rate of 6.92%, nearly 1.5 percentage points higher than the national average. In the more recent four-year period, the state's average growth accelerated further to 8.63%.

1.4.3 A simple linear trend projection, based on these latest four-year growth rates, indicates that Tamil Nadu economy could grow by 11.88% in 2025-26, reinforcing its trajectory as one of India's most dynamic and rapidly expanding state economies.[17] However, based on the latest ten-year growth rates, the linear projection indicates a moderate growth of 8%. Averaging these two estimates indicate approximately 10% growth of Tamil Nadu economy in 2025-26.

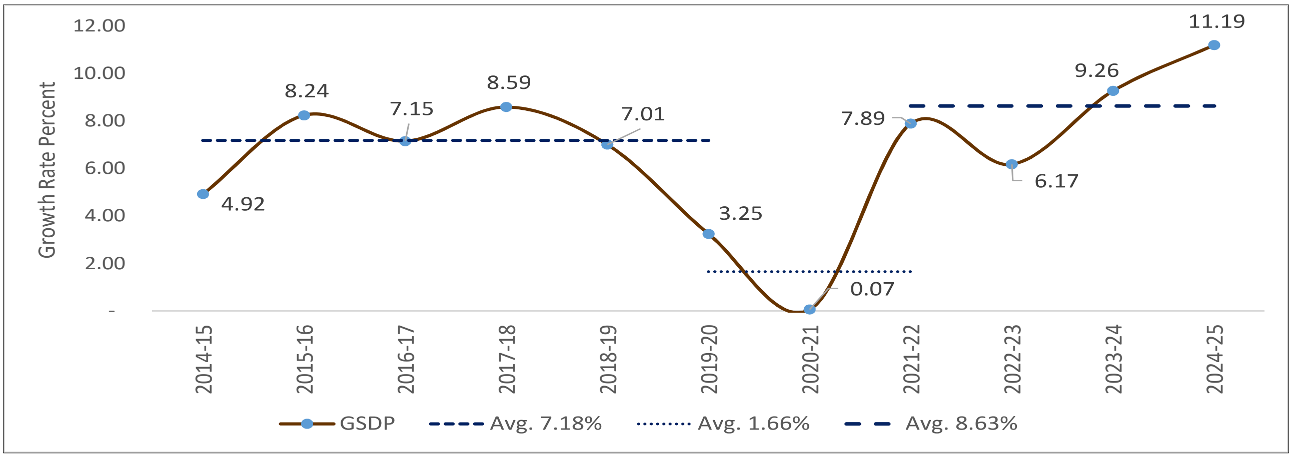
1.4.4 Tamil Nadu also experienced a downward trend, with retail (CPI) inflation declining from 5.9% in 2022-23 to 5.4% in 2023-24 and further to 4.6% in 2024-25. In 2025-26 (as of December 2025), it declined to 2.3%. The WPI inflation continuously declined from 8.6% in 2022-23 to 3.5% in 2024-25. This sustained moderation in inflation reflects the effectiveness of the State's supply chain management, market intervention mechanisms, and overall economic governance. The state's performance in containing inflationary pressures has contributed to protecting the purchasing power of its citizens, particularly those in the lower income segments.

17 The MoSPI's advance estimates indicate a 7.4% growth rate for the national economy in 2025-26, an increase of 0.91percentage points over 2024-25. Tamil Nadu is expected to align with this upward national trajectory. An alternate projection approach assumes that all ten non-agricultural sub-sectors will grow by 0.5 percentage points more than their 2024-25 rates, while the agriculture, forestry and fishing sector will expand by 1.5 percentage points above its 2024-25 performance. Under these assumptions, Tamil Nadu's real GSDP growth for 2025-26 is estimated at 11.89%. This estimate closely aligns with the simple liner trend presented in Figure 1.4.

1.5 GSDP Trend in Tamil Nadu

1.5.1 The growth trajectory of Tamil Nadu economy shown in Figure 1.5 reveals a robust expansion at an average annual rate of 7.18% during the pre-pandemic period (2014-15 to 2018-19). However, the onset of the pandemic disrupted this momentum, with growth slowing to 3.35% in 2019-20 and 0.07% in 2020-21, resulting in an average growth rate of 1.66% during the COVID years. The post-COVID period marked a decisive turnaround, as Tamil Nadu rebuilt its economic foundations and emerged as a national leader in manufacturing-led and technology-driven growth. From 2021-22 to 2024-25, the state achieved an average growth rate of 8.63%, which is 1.45 percentage points higher than the pre-pandemic average, signalling a strong and sustained recovery in its economic fundamentals.

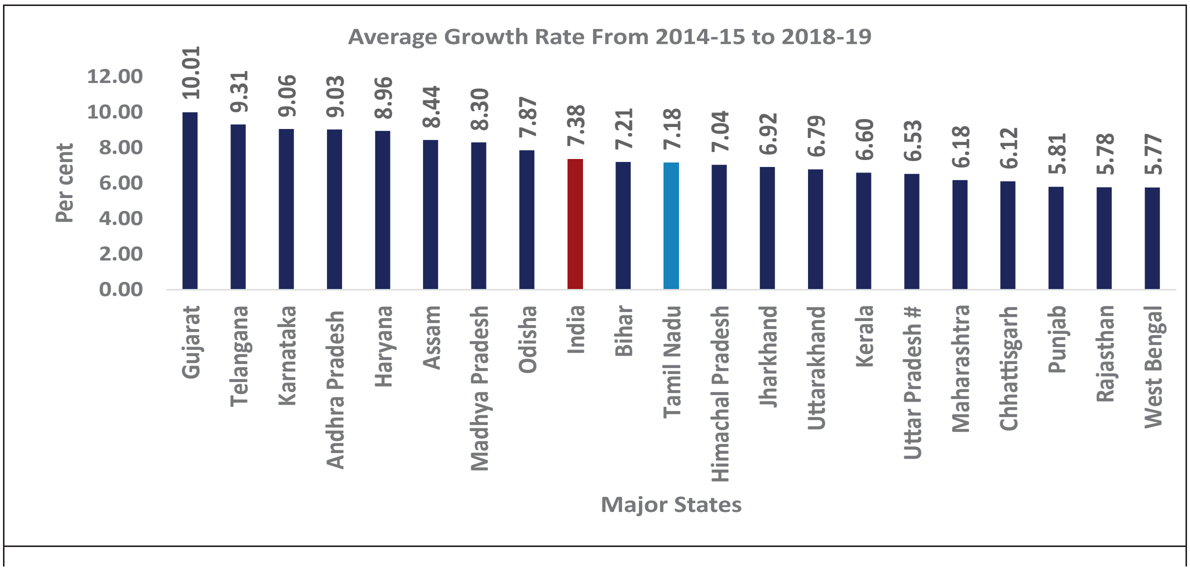
Figure 1.5: GSDP Trend in Tamil Nadu



Source (Basic Data): MoSPI

1.5.2 During the pre-pandemic period (2014-15 to 2018-19), Tamil Nadu ranked tenth among major Indian states, with an average growth rate of 7.18% (Figure 1.6). However, in the post-pandemic period (2021-22 to 2024-25), the state's performance improved significantly, elevating its position to seventh place. Notably, while Gujarat and Karnataka-among top three performers (first and third ranked) in the pre-pandemic years- slipped to the fifth and sixth ranks respectively, Tamil Nadu advanced in the ranking, highlighting its strong post-pandemic recovery and growth momentum.

Figure 1.6: Average Real Economic Growth of Major Indian States



Source (Basic Data): MoSPI

1.6 Sectoral Growth and Composition

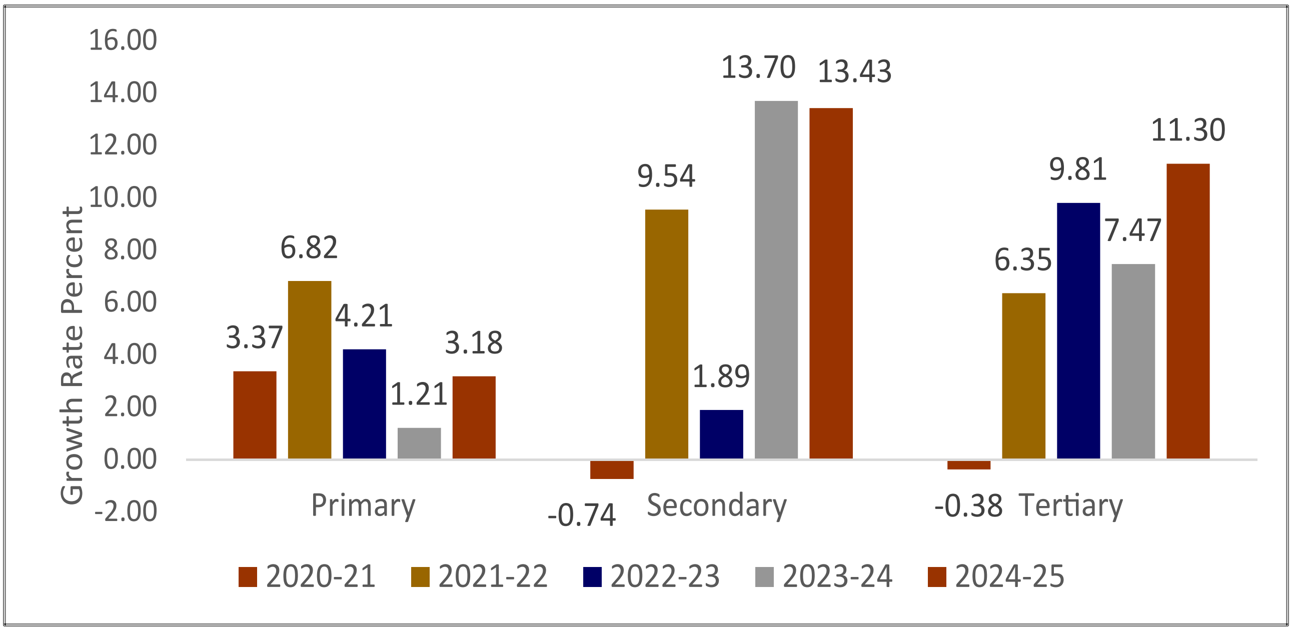
(i) Sectoral Growth

1.6.1 Tamil Nadu's economy mirrors the growth pattern of other large, industrialised states and has consistently demonstrated strong performance. In 2024-25, it recorded a real economic growth of 11.19% for 2024-25, the highest among all Indian states. This exceptional performance was primarily driven by the secondary sector which comprises manufacturing, construction and utilities (electricity, gas, and water supply). The secondary sector recorded a robust growth rate of 13.43% in 2024-25, following 13.7% in 2023-24 (Figure 1.7).

1.6.2 Within the secondary sector, manufacturing emerged as a key engine. The sector posted a robust real growth rate of 14.74% in 2024-25, which is more than three-times the all-India average of 4.5%. It also recorded a strong 12.59% in 2023-24. Tamil Nadu's sustained industrial leadership is rooted in early industrialization, sectoral diversification, strong infrastructure, a skilled workforce, and stable governance. Its success is further bolstered by a sharp focus on export competitiveness and forward-looking industrial policies.

1.6.3 Economic Survey of India (2025-26) has recognized Tamil Nadu as the foremost contributor to Indian's manufacturing employment, accounting for 15% of the nation's total factory workforce. The Survey cites the automobile and auto-components cluster and the electronics manufacturing ecosystem at Sriperumbudur as exemplary cases of successful industrial policy and ecosystem-led development.

Figure 1.7: Sectoral Growth in Tamil Nadu



Source (Basic Data): MoSPI

1.6.4 Building upon its historical strengths in textiles and leather, Tamil Nadu has successfully cultivated a diverse industrial ecosystem. Today, the state hosts thriving clusters including Automobiles & auto components (Chennai, the renowned "Detroit of India"), Textiles & garments (Tiruppur, Coimbatore), Leather (Vellore, Ambur), Electronics & IT (Chennai, Hosur, Sriperumbudur), Renewable energy (Wind power corridor from Coimbatore to Tirunelveli) and Heavy Engineering, Cement, Fertilisers and Chemicals. The state has also emerged as a significant hub for India's defence and aerospace industries. Tamil Nadu, one among the three states, has received final approval for financial assistance of Rs 100 crore for establishing a Medical Device Park under the scheme for Promotion of Medical Devices Parks.[18]

1.6.5 In a remarkable display of integrated development, every district in Tamil Nadu is now covered under one or more industrial corridor projects, making it the only state in India with such extensive industrial integration. Finally, the construction sector also played a pivotal role, growing at 15.93% in 2023-24 and 11.56% in 2024-25 while the utilities sector grew at 13.34% and 5.28% during the same periods.

1.6.6 The tertiary sector (services) sustained strong growth momentum, recording a double-digit growth rate of 11.3% in 2024-25, up from 7.47% growth in 2023-24. Within this sector, real estate witnessed a sharp rise, increasing from 7.33% in 2023-24 to 12.42% in 2024-25. Other service sub-sectors, including public administration, transport, hotels and restaurants and miscellaneous services, also reported double-digit growth in 2024-25, contributing to a broad-based expansion in this sector.

1.6.7 Tamil Nadu's primary sector, comprising agriculture, livestock, and forestry and logging and fishing and aquaculture and mining and quarrying, was the only sector to register

18 Source: Economic Survey (2025-26), Govt of India.

positive growth (3.37%) during the pandemic year (2020-21). Its growth increased to 6.82% in 2021-22, but declined to 1.21% in 2023-24, largely due to a contraction in agriculture (-1.96%). In 2024-25, the primary sector grew to 3.18%, supported by strong performance in forestry (8.77%) and fishing (9.89%), though agriculture again recorded negative growth (-1.83%).

1.6.8 An analysis of temporal trends indicates that the average real growth rates of agriculture and livestock during the pandemic period (2019-20 and 2020-21) were 6.81% and 5.52% respectively (Table 1.1). However, from 2021-22 to 2024-25, the respective average growth rates of these two subsectors declined to 3.03% and 3.89%. A crucial factor influencing agricultural performance was the impact of weather conditions. The climate variability posed significant challenges. However, farmers with diverse income streams were better positioned to navigate these uncertainties. Government supports also helped them. Interestingly, Tamil Nadu ranked first in ragi yield (3,758 kg/ha.), and sugarcane yield (1,01,435 kg/ha). It ranked second in oil seeds yield (1,976 kg/ha.), third in groundnut yield (2,390 kg/ha.) in 2024-25. Its success in banana cultivation is also cited by the Economic Survey of India as a region-specific horticultural achievement.

1.6.9 The average real growth of the secondary sector was 8.18% from 2014-15 to 2018-19 (Table 1.1). While it declined to -0.04% from 2019-20 to 2020-21, this sector showed a strong revival with the average of 9.64% from 2021-22 to 2024-25. The tertiary sector also showed a strong revival with the average growth rate of 8.7% from 2021-22 to 2024-25, while its average growth was 6.27% from 2014-15 to 2018-19. However, the primary sector experienced a slowdown, averaging 3.85% from 2021-22 to 2024-25, down from 5.65% during 2014-15 to 2018-19. Notably, it recorded 5.02% during 2019-20 to 2020-21.

1.6.10 Table 1.1 shows that average growth rates of construction, utilities, trade, transport, real estate, public administration, and other services from 2021-22 to 2024-25 improved significantly compared to their average growths from 2014-15 to 2018-19, reflecting a board-based revival across both secondary and tertiary sectors. Agriculture, mining and quarrying also improved their performances.

Table 1.1: Average Rate of Growth of Subsectors, 2014-15 to 2024-25

Sub Sectors	2014-15 to 2018-19	2019-20 to 2020-21	2021-22 to 2024-25
Crops	0.09	6.81	3.03
Livestock	13.42	5.52	3.89
Forestry and logging	11.66	11.40	-2.12
Fishing and aquaculture	4.23	0.56	6.05
Mining and quarrying	17.01	-20.75	21.87
Primary	**5.65**	**5.02**	**3.85**
Manufacturing	10.46	-0.94	9.38
Electricity, gas, water supply etc	5.20	-6.12	12.10
Construction	4.44	2.39	10.03

Sub Sectors	2014-15 to 2018-19	2019-20 to 2020-21	2021-22 to 2024-25
Secondary	**8.18**	**-0.04**	**9.64**
Trade, repair, hotels and restaurants	5.77	-0.59	7.92
Transport, storage, communication	1.73	-3.78	7.62
Financial services	6.24	5.03	4.87
Real estate, professional services etc	7.21	3.61	10.12
Public administration	5.37	-1.71	6.53
Other services	10.21	5.71	11.20
Tertiary	**6.27**	**1.97**	**8.73**
Total GSVA at Basic Prices	6.83	1.57	8.47
Taxes on Products	7.85	4.89	9.10
Subsidies on products	-3.36	19.79	5.02
Gross State Domestic Product	**7.18**	**1.66**	**8.63**

Source (Basic Data): MoSPI

(ii) Structure of GSDP

1.6.11 As in other Indian States, the structure and composition of Tamil Nadu's GSDP have been gradually shifting away from the primary sector, supported by strong human development and livelihood indicators. The share of the primary sector in total GSDP (2011-12 prices) declined from 11.26% in 2014-15 to 9.16% in 2024-25 (Table 1.2).

Table 1.2: Sectoral Share of GSDP in Tamil Nadu at 2011-12 prices

Sectors	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Primary	11.26	10.84	10.02	10.32	10.28	10.62	10.97	10.86	10.66	9.87	9.16
Secondary	30.39	32.47	33.37	33.43	33.60	32.76	32.49	32.99	31.66	32.94	33.61
Tertiary	49.52	47.54	47.23	46.37	45.79	46.26	46.05	45.40	46.95	46.18	46.23
Taxes-Subsidies on Product	8.83	9.15	9.38	9.89	10.33	10.36	10.48	10.75	10.73	11.00	11.01
GSDP	100	100	100	100	100	100	100	100	100	100	100

Source (Basic Data): MoSPI

1.6.12 Meanwhile the secondary sector's share increased from 30.39% to 33.61%, while the tertiary sector's share declined from 49.52% to 46.23%. This structural trend is expected to continue in the coming years. Notably, the share of an additional GSDP component -taxes minus subsidies on products increased from 8.83% in 2014-15 to 11% in 2024-25.

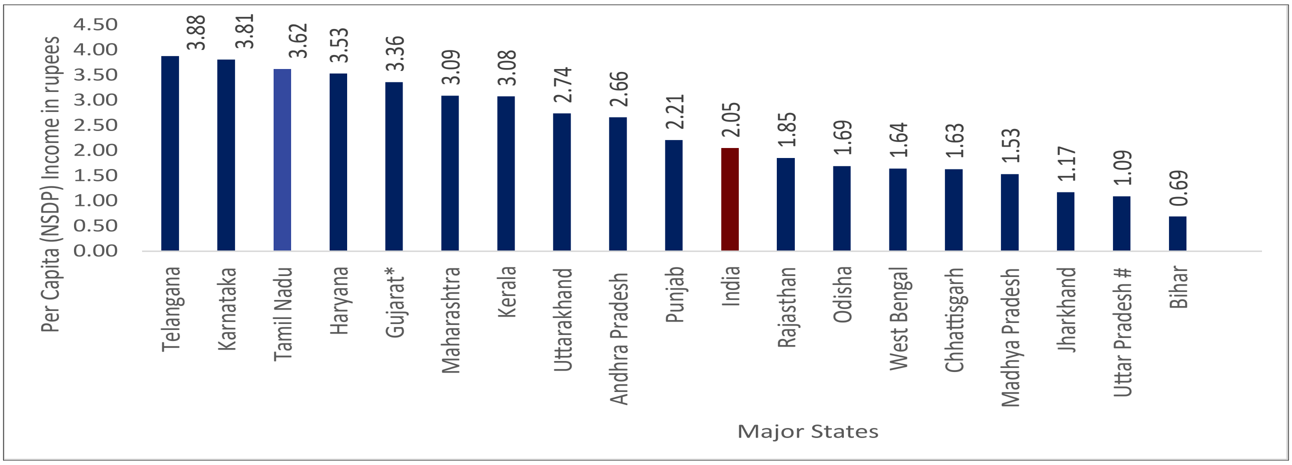
1.6.13 Manufacturing is the dominant sector with its share of 24.5% in GVA of Tamil Nadu, followed by real estate and professional services (17.5%), construction (12.36%) and trade (9.66%).

1.7 Per Capita Income

1.7.1 In per capita income (NSDP) at current prices, Tamil Nadu ranked third among major Indian states in 2024-25 (Figure 1.8), with a per capita income of Rs. 3.62 lakh, compared to the all-India average of Rs.2.05 lakh (i.e., about 1.76 times the national figure). [19] Telangana ranked first with Rs. 3.87 lakh, followed by Karnataka (Rs.3.8 lakh).

1.7.2 In real terms, Tamil Nadu ranked second among major Indian states in 2024-25, with a per capita income of Rs. 1.98 lakh, only behind Karnataka (Rs.2.05 lakh). This shift in ranking reflects the impact of differing price levels and purchasing power, which slightly increases the real value of income in Tamil Nadu relative to other states. While excessive inflation can be detrimental, moderate levels of inflation, as observed in Tamil Nadu, is a natural outcome of a growing economy.

Figure 1.8: Per Capita Income of Major Indian States in 2024-25



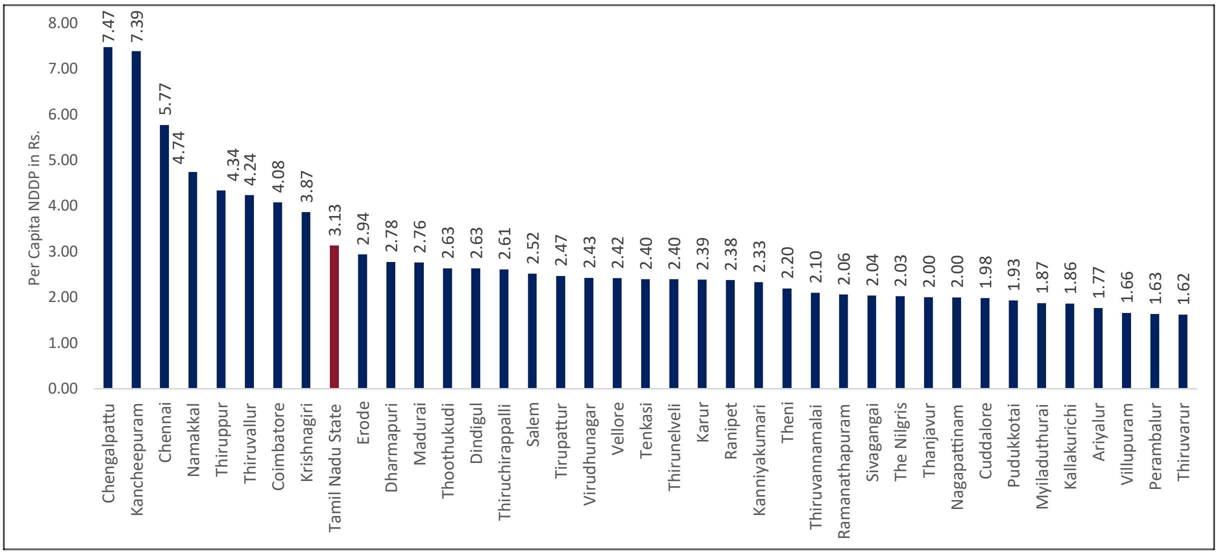
Source: MoSPI; * Estimated

1.7.3 While the state takes efforts to improve the regional imbalances in development and growth, district-wise per capita income (per capita Net District Domestic Product) data in 2023-24 highlights some variations (Figure 1.9). Chengalpattu recorded the highest per capita income at Rs. 7.47 lakh, followed by Kancheepuram (Rs. 7.39 lakh), and Chennai (Rs. 5.77 lakh). In eight districts, the per capita income exceeded the state average of Rs. 3.13 lakh. These top-performing districts surpass the per capita income levels of top performing states like Telangana, Karnataka and Haryana. Notably in 32 out of 38 districts, the per capita income was higher than all India average per capita income.

1.7.4 Notably, in the remaining 30 districts, the per capita income was below the average per capita income of Tamil Nadu. Thiruvarur had the lowest per capita income of Rs.1.62 lakh, followed by Perambalur (Rs.1.63 lakh) and Villupuram (Rs.1.66 lakh). However, even in these districts, the per capita income was higher than that of several states such as Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Chhattisgarh, West Bengal and Odisha in 2023-24.

19 Tamil Nadu per capita GSDP was around US$ 4,763 in 2024-25, which was slightly higher than per capita income of Jordan, but closer to per capita income of Indonesia.

Figure 1.9: District-wise Per Capita Income (Current Prices) in Tamil Nadu in 2023-24



Source: District Income Estimates by Department of Economics and Statistics, GoTN.

1.8 Tamil Nadu's Economic Growth through Supply and Demand Factors

1.8.1 Economic growth reflects an increase in GSDP (state output) and state income. Tamil Nadu's sustained economic growth is driven by two main factors: expansion in aggregate supply (productive capacity) and growth in aggregate demand. From the supply-side perspective, often summarized as 'supply creates its own demand', policies such as deregulation (ease of doing), investment incentives(such as loans), innovation support, and low inflation play a crucial role. These measures encourage capital formation, investment, job creation, productivity growth, long term-economic growth, and a trickle-down effect, where business advantages generate broader societal benefits including higher wages and employment. On the other hand, increase spending by consumers, businesses and government stimulate overall economic activity. Through the multiplier effect, higher demand amplifies production and growth across sectors.

1.8.2 On the supply side, Tamil Nadu possesses significant productive capacity and efficiency advantages. The state has developed robust physical infrastructure, including reliable electricity, extensive road and port networks, and industrial corridors, enhancing industrial competitiveness. High levels of human capital, reflected in literacy, technical education and skill development, ensure a productive workforce capable of supporting both manufacturing and services.

1.8.3 Its diversified industrial base, spanning traditional and modern sectors, and a vibrant MSME ecosystem promote broad-based production growth. Adoption of technology, research institutions, and IT clusters in Chennai, Coimbatore, and Hosur further strengthen productivity and innovation. Combined with sound governance and an enabling regulatory environment, these factors enhance supply responsiveness and attract sustained investment.

1.8.4 Tamil Nadu continues to rank among the top Indian states in attracting Foreign Direct Investment (FDI). Even as India's overall FDI equity inflows declined from US$46.03 billion in 2022-23 to US$44.42 billion in 2023-24, amid global investment uncertainty and tighter financial conditions, Tamil Nadu defied the trend. The state's FDI inflows rose steadily from US$2,169 million in 2022–23 to US$2,436 million in 2023–24, and further to US$3,681 million in 2024-25. [20]

1.8.5 This performance reflects the state government's proactive investment promotion strategy. At the Global Investors Meet (GIM) 2024, Tamil Nadu signed 631 MoUs worth Rs.6.64 trillion, signalling strong investor confidence.[21] In addition, the Chief Minister's investment promotion visits to the United States, United Kingdom, and Germany during 2024–25 secured new industrial commitments amounting to Rs.23,000 crore.

1.8.6 On the demand side, the state benefits from a large, diversified consumer base, high per capita income, and rapid urbanization which fuel household consumption, particularly in urban and semi-urban areas. Strong investment demand, driven by private investment in manufacturing, automobiles, electronics, and renewable energy, is supported by a conducive business climate and industrial policies. Government expenditure on infrastructure, education, health, and social welfare further reinforces aggregate demand.

1.8.7 Tamil Nadu's strong export performance provides additional stimulus. The state consistently ranks among India's top exporters, particularly in textiles, leather, automobiles, and machinery. Its vibrant MSME ecosystem, comprising over 39 lakh enterprises, plays a pivotal role in driving both exports and employment. In recent years, the state has excelled in high-technology exports, overtaking Karnataka and Uttar Pradesh to become India's leading exporter of electronic goods, with export volumes rising sharply to US$ 14.65 billion in 2024-25. Overall, Tamil Nadu's merchandise exports nearly doubled from US$26.15 billion in 2020-21 to US$ 52.07 billion in 2024-25, highlighting Tamil Nadu's growing global competitiveness and industrial diversification. [22]

1.8.8 The interaction of strong domestic and external demand with robust productive capacity explains Tamil Nadu's steady and resilient growth trajectory. Rising demand has been effectively met by strong supply-side strengths, preventing inflationary pressures while sustaining output expansion. The retail inflation in October 2025 dropped significantly to 1.29% and food inflation to 0.39%. While demand-side forces drive short-term growth impulses, the state's supply-side advantages such as human capital, infrastructure, and institutional quality—anchor its long-term growth potential. Tamil Nadu's experience demonstrates how balanced demand and supply dynamics can produce an economy that is both fast-growing and structurally robust.

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20 Source: FDI Factsheet June 2025.XLSX by Department for Promotion of Industry and International Trade.

21 Source: Press Release No. 056 dated 8.1.2024 by GoTN.

22 Source: NIRYAT.

1.9 Towards One Trillion Dollar Economy and High-Income Status

1.9.1 Tamil Nadu aspires to become a US $ 1 Trillion economy by 2030, a goal that carries transformative potential for its 7.7 crore citizens, particularly the youth seeking quality job and higher incomes. The prospect of achieving the target has significantly improved due to the recent surge in the economic growth rate. If Tamil Nadu sustains its 2024-25 nominal growth rate of 16% and with an assumption of 2% (medium-term rate) rise in the value of dollar against rupee per annum in the medium term, it can achieve the trillion-dollar milestone by 2031. With 3.5% (short term rate of rise of dollar value), it may be delayed for a year.

1.9.2 The World Bank's per capita income threshold for high income countries-currently set at US $ 14,006 for 2024-25 is widely used to define a developed country. Since this threshold has risen from US$9,646 in 1997-98, marking an annual increase of US$176.33, extrapolating this trend will provide the target income level of around US$18,414 for 2047-48 when India aspires to become a developed nation. However, this threshold will be US$ 16,122 for 2034-35, and US$ 16,298 for 2035-36. In 2024-25, Tamil Nadu's per capita GSDP was US$4,763, which fall into upper-middle income category ranged US$ 4,516 -14,500.

1.9.3 At its present pace of 15.98% nominal growth, Tamil Nadu is on track to cross the high-income country threshold of US$16,122 by 2034-35. With stronger investments, export diversification and expansion, and revival of the primary sector, particularly the crop sector, the state is expected to grow at a higher rate in 2025-26 than in 2024-25. It is noted that one of the core strategies outlined by the government to achieve the one trillion-dollar target is to increase exports to $ 100 billion by 2030. Given the state's strong export momentum, Tamil Nadu appears well on track to meet this goal, despite temporary challenges such as the recent tariff hike imposed by the United States.

1.9.4 The state's textile exports, which account for a major share of Tamil Nadu's export, are facing headwinds due to the recent 50% hike in U.S. tariffs. Nearly 30% of the state's textile exports are directed to the U.S. market. While this poses a temporary setback, the Union Government's suspension of the 11% customs duty on cotton until December 2025 offers partial relief to the sector. At the same time, Tamil Nadu is actively diversifying its export markets to reduce dependence on traditional destinations and align with the shifting contours of global trade.[23] The recent India-EU free trade agreement and India-US trade agreement by which US tariffs on Indian goods will reduce from 50% to 18% soon may help in this regard.

23 As per the quick estimates released by Ministry of Commerce and Industry, India's exports recorded a subdued growth of 0.63% during April-October FY26, lower than 3.33% during the corresponding period of FY25.

1.10 Conclusions

1.10.1 Tamil Nadu's forward-looking industrial policies continue to attract significant domestic and global investments. The state's Industrial, Electronics, and Electric Vehicle Policies offer a robust incentive framework for investors, reinforcing its position as a preferred manufacturing destination. Tamil Nadu's strong reform orientation, manufacturing depth, faster project approvals, and future-ready industrial ecosystem have been highlighted in the Economic Survey of India (2025-26). The development of sector-specific industrial parks, particularly SIPCOT estates with plug-and-play infrastructure, has further enhanced the state's industrial competitiveness. Tamil Nadu has also emerged as India's leading hub for defence and aerospace manufacturing and has received approval of Rs. 100 crore in central assistance for the establishment of a Medical Devise Park.

1.10.2 The state's strong international connectivity through Chennai, Coimbatore, Madurai, and Tiruchirappalli airports facilitates seamless trade and investment flows. In addition, the proposed Aerospace and Defence Industrial Corridor connecting Chennai, Hosur, Salem, Coimbatore, and Tiruchirappalli positions Tamil Nadu as a strategic node within India's manufacturing ecosystem, closely aligned with national industrial objectives. Tamil Nadu's industrial transition is further reinforced by future-facing initiatives, including the designation of V.O. Chidambaranar Port as one of India's three Green Hydrogen hubs.

1.10.3 A standout national recognition is Tamil Nadu's first-place in manufacturing employment, accounting for 15% of India's total, the highest among all states. The Economic Survey of India also cites Tamil Nadu as a model "entrepreneurial state" that enables cluster-led industrialization, citing the state's auto component ecosystem and electronic clusters. These recognitions validate Tamil Nadu's development trajectory, characterised by reform-driven facilitation, ecosystem-building, and the creation of next-generation industrial capacity, positioning it as one of India's most credible long-term destinations.

1.10.4 As Tamil Nadu continues to move up the industrial and technological value chain, it is well positioned not only to achieve its trillion-dollar economy goal by 2030, but also to play a pivotal role in India's journey towards becoming a developed economy by 2047.

Chapter 2

Prices and Food Management

2.1 Introduction

2.1.1 Prices and inflation are key indicators of an economy's health. While the price index measures the overall level of prices of goods and services, inflation refers to a sustained increase in the general price level over time, which erodes the purchasing power of money. Inflation in India is influenced by several structural and cyclical factors, including supply-side constraints in agriculture, fiscal deficits, global crude oil prices, exchange rate fluctuations, shifting consumer demand patterns, and geopolitical developments.

2.1.2 Rising prices or inflation can reduce purchasing power of households, as their income can buy fewer goods and services. When the prices of essential commodities such as food, fuel and housing rise, the overall cost of living increases, disproportionally affecting low- and middle-income groups. If wages fail to keep pace with inflation, real incomes decline, reducing living standards. Businesses too, may face higher input costs, which can lead to either reduced profit margins or further price increases.

2.1.3 While moderate inflation reflects healthy demand and economic growth, persistently high inflation undermines savings, discourages investment, and hurts the poor most. Ensuring price stability is therefore a central goal of India's monetary policy. Since 2016, India has adopted a Flexible Inflation Targeting framework, setting a medium-term inflation target of 4% with a tolerance band of ±2%, under the joint responsibility of the Reserve Bank of India (RBI) and the Government of India.

2.1.4 Although the Union government plays a major role in controlling inflation, State governments also contribute through mechanisms such as the Public Distribution System (PDS), enhancing the disposable income with people through direct cash transfer schemes, social security schemes and other poverty alleviating measures. Effective management of the food economy helps stabilizes prices, ensure food security, support rural livelihoods, and promote sustainable growth. Tamil Nadu, for instance, provides crop insurance, and input subsidies for irrigation, fertilizers and other agricultural inputs to mitigate supply side pressures.

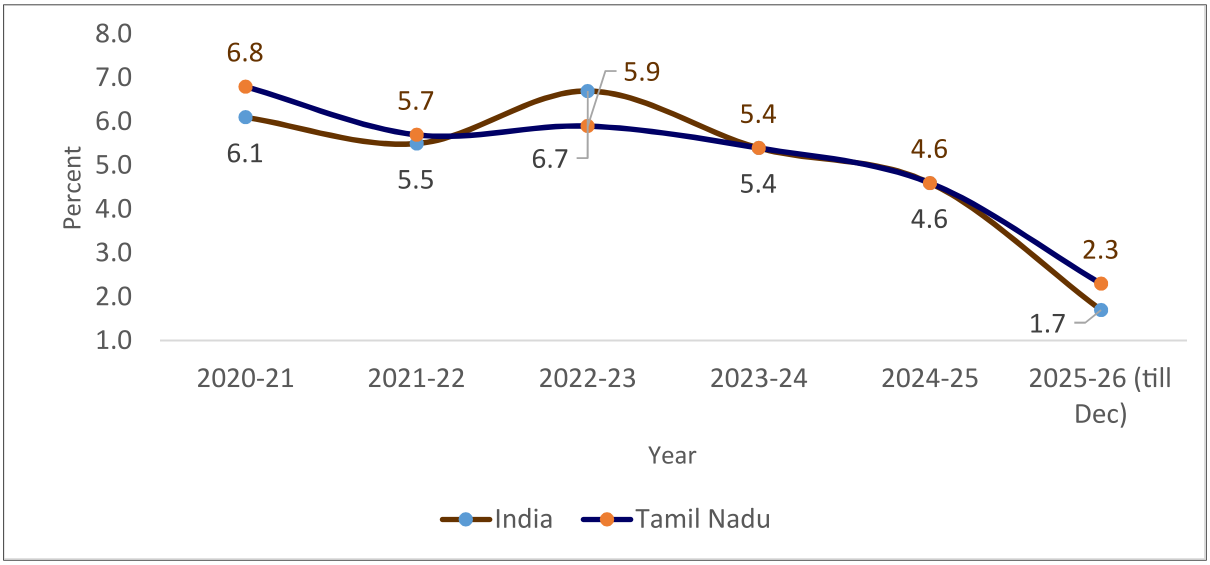
2.1.5 Tamil Nadu's PDS is among the most efficient in India, ensuring the equitable distribution of essential commodities such as rice, sugar, and kerosene. Complimenting this, the Nutritious Meal Programme and the Chief Minister's Breakfast Scheme enhance nutritional access and food security for school children, reflecting the state's strong commitment to welfare and human development.

2.1.6 In the medium to long term, States can curb inflationary pressures by strengthening supply chains, improving infrastructure and logistics, and enhancing market efficiency. However, some inflationary factors stem from global developments-such as the COVID-19 pandemic, oil shock or the Russian-Ukraine war, that lie beyond the control of individual governments. In such circumstances, proactive state-level measures become critical for maintaining price stability and managing food economy effectively. This chapter, reviews the inflationary trends and food management strategies in Tamil Nadu, highlighting the State's approach to ensuring both price stability and food security.

2.2 CPI (Retail) Inflation in Tamil Nadu

2.2.1 The consumer price index (CPI), which serves as the benchmark for measuring retail inflation, captures the price movements of a comprehensive basket of goods and services commonly consumed by households in both rural and urban areas. Figure 2.1 presents the annual CPI inflation trends for Tamil Nadu and India from 2020-21 to 2024-25. During this period, Tamil Nadu's average CPI inflation stood at 5.68%, marginally higher than the national average of 5.66%. In 2020-21, the year of the COVID-19 pandemic, inflation exceeded the upper tolerance limit of 6% (the target rate of 4% ± 2%) in both Tamil Nadu and India, reflecting pandemic-induced supply disruptions and demand fluctuations.

Figure 2.1: CPI Inflation: Tamil Nadu Vs. India

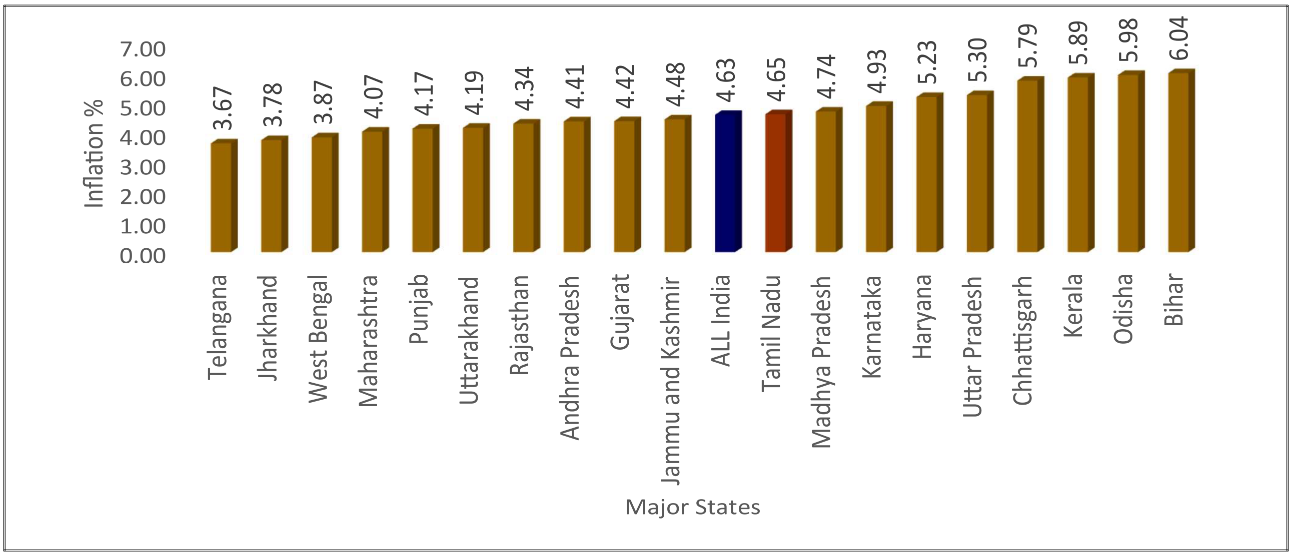


Source (Basic Data): MoSPI.

2.2.2 In 2023-24, Tamil Nadu recorded retail inflation of 5.4%, against all India inflation of 5.4%. However, in 2024-25, both state and India's inflation declined to 4.6%. In 2025-26 (till December), the inflationary pressures have eased considerably, with Tamil Nadu's inflation moderating to 2.3% (2.67% in December, 2025), compared to all-India average of 1.7% (1.33% in December 2025). This downward trend indicates improved supply conditions, better food price management, stabilization of key commodity prices, impact of GST rationalization from September 2025 and market intervention mechanism.

2.2.3 In 2024-25, among the 18 major Indian states, Tamil Nadu's inflation rate ranked as the 10th lowest (Figure 2.2). Bihar had the highest inflation rate at 6.04%, followed by Odisha (5.98%), and Kerala (5.89%). At the lower end, Telangana (3.67%), Jharkhand (3.78%), and West Bengal (4.04%) reported the lowest inflation rates, all below the Reserve Bank of India's targeted inflation rate of 4%.

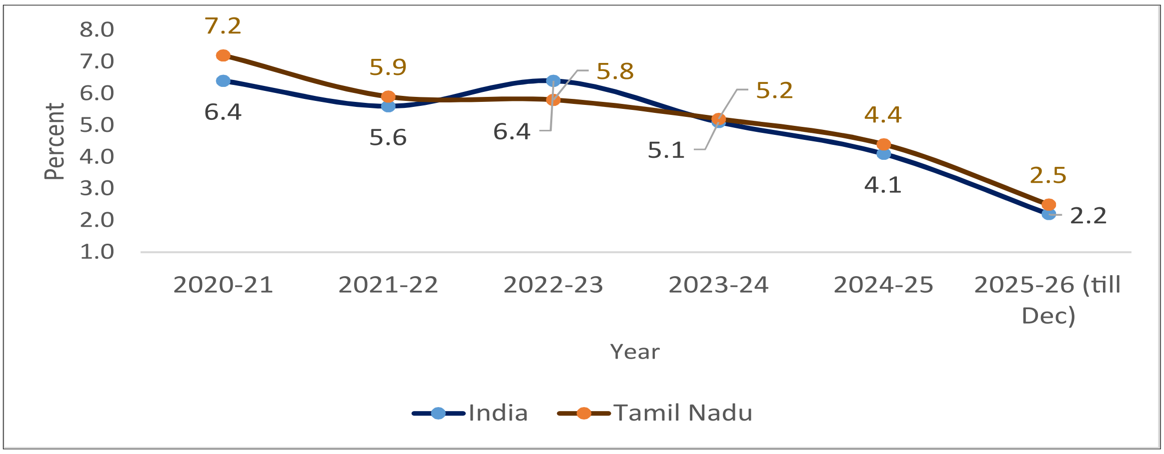
Figure 2.2: Retail Inflation in Major Indian States in 2024-25



Source (Basic Data): MoSPI.

2.2.4 During 2020-21 to 2024-25, Tamil Nadu's average urban inflation rate stood at 5.7%, slightly higher than the national urban average of 5.5%. In 2025-26 (up to December), the state continued to record a higher average inflation rate compared to India (Figure 2.3). The divergence between Tamil Nadu and the national average during 2020-21 to 2024-25 appears to have been primarily driven by urban price pressures.

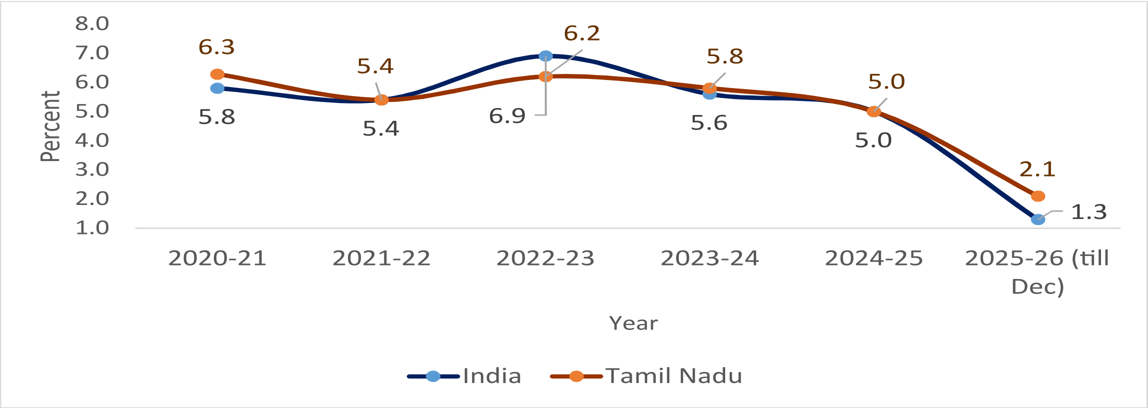
Figure 2.3: CPI Urban Inflation: Tamil Nadu Vs. India



Source (Basic Data): MoSPI.

2.2.5 Examining rural inflation, Tamil Nadu's average rural inflation rate during the same period (2020-21 to 2024-25) was 5.74%, marginally higher than the state's average urban rate of 5.7% (Figure 2.4). This rate was on par with the national average for rural inflation during the same period. Notably, both urban and rural inflation rates in Tamil Nadu fluctuated around the national averages, remaining higher in some years and lower in others, highlighting the dynamic nature of price movements across the state.

Figure 2.4: CPI Rural Inflation: Tamil Nadu Vs. India

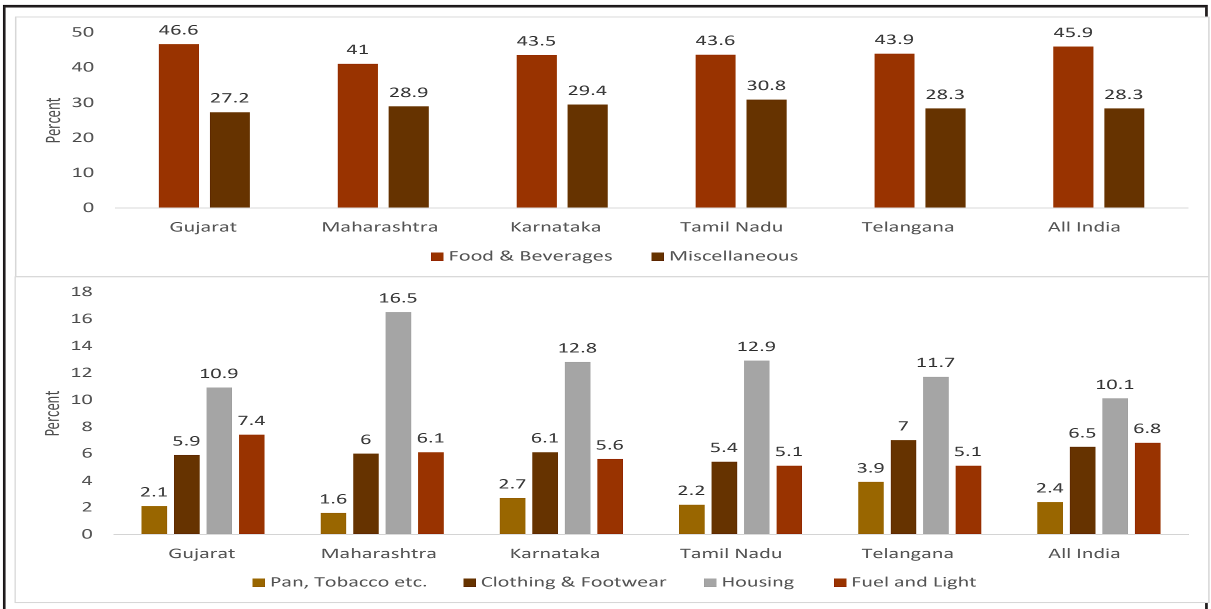


Source (Basic Data): MoSPI.

2.2.6 Any meaningful analysis of these inflation pattern requires examining the underlying composition baskets used to calculate the CPI. The CPI inflation rates are derived from state-specific baskets of goods and services. However, as shown in Figure 2.5, the weights assigned to various categories differ across states. For instance, food and beverages constitute 40.6% of Maharashtra's CPI basket, but account for over 46% in Gujarat's CPI

basket. Compared to the all-India CPI basket, Tamil Nadu assigns lower weights to food and beverages, intoxicants, and fuel and light, while giving higher weight to housing and miscellaneous services such as healthcare, education and recreation, reflecting the state's relatively higher per capita income.[1]

Figure 2.5: Composition of CPI Basket (All India and Selected States)

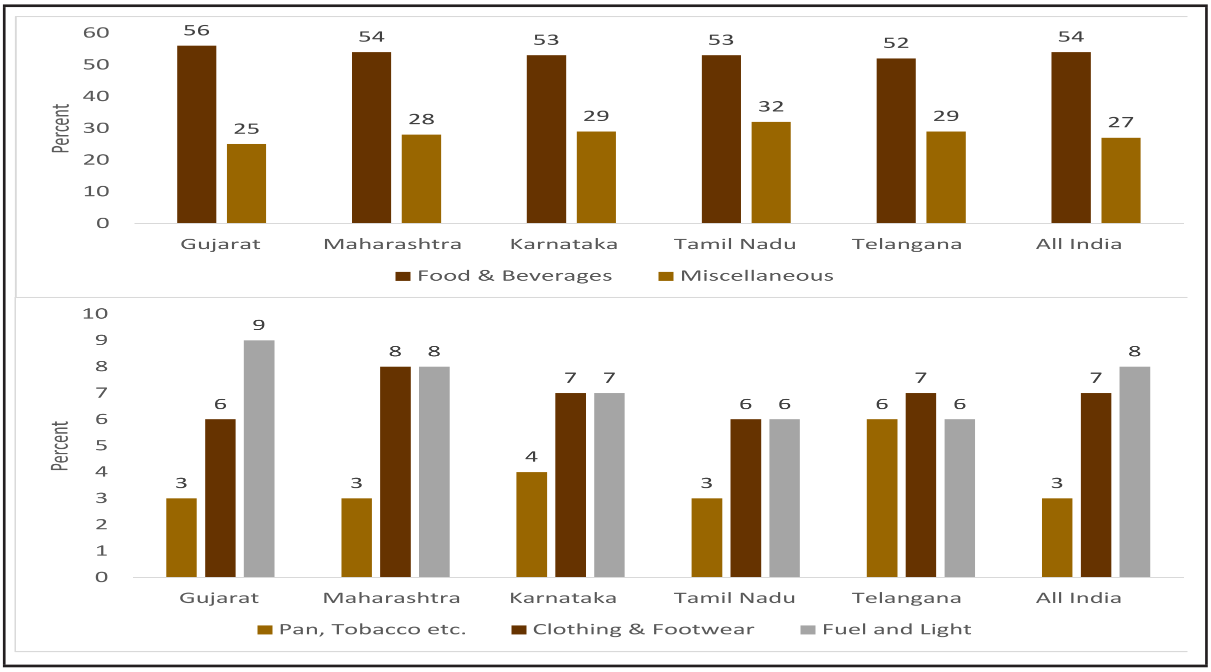


Sources: MoSPI (2015), Consumer Price Index: Changes in the Revised Estimates (Base Year 2012-100).

2.2.7 As shown in Figure 2.6, an examination of the rural basket reveals that the weight assigned to food and beverages in Tamil Nadu (52.7%) is lower than the all-India average of 54.2%. In contrast, the weight given to miscellaneous items, which primarily represent services, is 31.7% in Tamil Nadu, compared to 27.3% at the national level. Notably, rural consumption patterns in Tamil Nadu place a higher emphasis on the miscellaneous category than in peer states such as Maharashtra, Karnataka, Telangana and Gujarat.

1 The CPI series with base year 2023-24 is expected to be released shortly. As part of the revision, the weight of food in all-India CPI basket is proposed to be reduced to around 37%, compared to over 45% in the current series. A similar downward revision in the food component is expected for Tamil Nadu CPI basket.

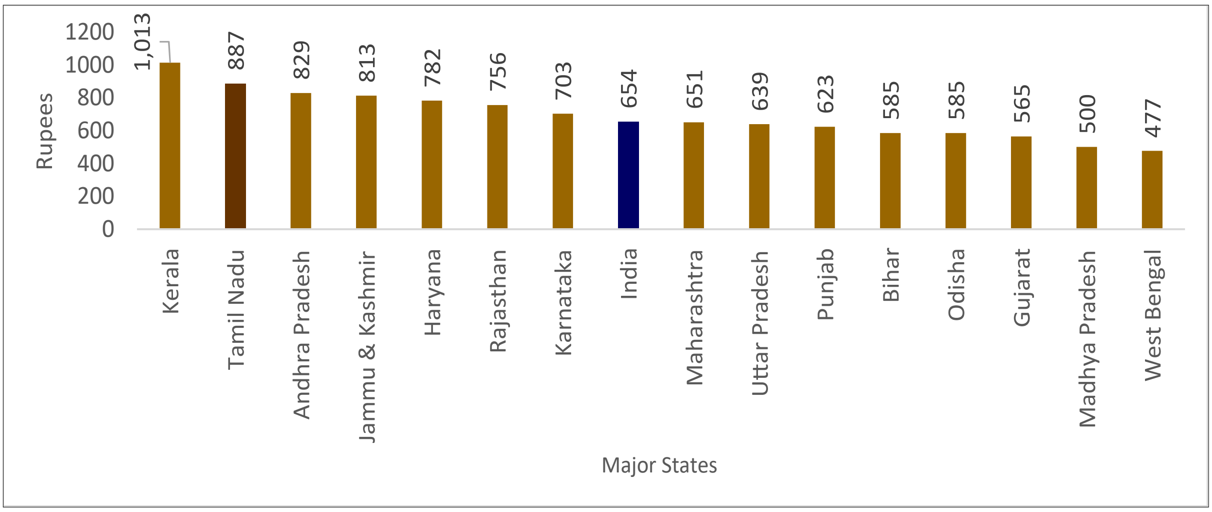
Figure 2.6: Composition of CPI Rural Basket* (All India and Selected States)



Sources: MoSPI (2015), Consumer Price Index: Changes in the Revised Estimates (Base Year 2012- 100). * Hosing gets zero weight in the rural basket.

2.2.8 Given this composition, labour-intensive services play a larger role in Tamil Nadu's CPI basket than in the all-India basket or in several peer states. Consequently, labour costs have a greater potential to influence the state's inflation trajectory. Figure 2.7 shows that Tamil Nadu had the second-highest daily wage rate in 2024-25, after Kerala. Therefore, any analysis of inflation in the state must consider both the composition of its consumption basket and the input costs, such as wages, that drive it.

Figure 2.7: State wise Daily Average Wages (2024-25)



Source: Labour Bureau, Rural - Non-agricultural Wages for Mason (Men) for August-2024, Ministry of Labour and Employment, GoI.

2.2.9 In this context, policy measures implemented by the Tamil Nadu government such as subsidized electricity and transportation, serve attention, as they help reduce input costs, and potentially moderate inflationary pressures. A key component of the state's inflation management strategy is its unique Universal Public Distribution System (PDS), which provides essential commodities to 2.25 crore. This includes free rice in addition to the National Food Security Act (NFSA) entitlement, and dal and oil at subsidized rates. The state also provides 100 units of free electricity to domestic households and Rs. 1,000 per month to the female head of 1.3 crore eligible families under the Kalaignar Mahalir Urimai Thittam. While some of these measures control inflation by directly influencing prices, others support households by enhancing purchasing power.

2.3 WPI and GSDP Deflator Based Inflation

2.3.1 Wholesale Price Index (WPI) inflation measures the average change in prices of goods at the wholesale or production stage, before they reach consumers. It mainly covers goods (manufactured products, fuel, power, and primary articles like food grains) and excludes services. Although WPI was extensively used in the past for assessing inflation and guiding monetary and fiscal policy, the CPI inflation has gained prominence in recent years due to WPI's limited coverage and its non-representative consumer basket.

2.3.2 GSDP deflator-based inflation, on the other hand, measures the changes in the overall price level of all goods and services produced domestically. It captures price changes across the entire economy, including consumption, investment, government expenditure, and net exports. Unlike CPI or WPI, it accounts for price movements across the full production spectrum, not just consumer or wholesale goods.

Table 2.1: WPI and GDP Deflator Based Inflation

Year	WPI Inflation		GDP Deflator Based Inflation	
	Tamil Nadu	India	Tamil Nadu	India
2020-21	1.8	1.3	2.5	4.8
2021-22	11.0	13	7.4	8.4
2022-23	8.6	9.4	7.8	5.9
2023-24	2.3	-0.7	3.7	2.6
2024-25	3.5	2.3	4.3	3.1
Avg.	5.5	5.1	5.2	4.9

Source (Basic Data): MoSPI & Office of the Economic Adviser, Ministry of Commerce and Industry.

2.3.3 As shown in Table 2.1, during 2020-21 to 2024-25, Tamil Nadu's average WPI inflation and GSDP deflator-based inflation were slightly higher than the corresponding all-India averages, consistent with the trends observed in CPI inflation.

2.4 Group-wise Inflation

2.4.1 As shown in Figure 2.5, the CPI is broadly divided into six baskets or commodity groups, namely food and beverages, pan, tobacco etc., clothing and footwear, housing, fuel and light and miscellaneous items. After the pandemic, fuel and light inflation in Tamil Nadu surged to 19.3% in 2021-22 and 16.4% in 2022-23, compared to 11.3% and 10.4% at the national level (Table 2.2). However, with the fall in global energy prices in 2023-24, and retail price cuts announced by the Union government (Rs.200 reduction per domestic LPG cylinder in September, 2023 and Rs. 100 reductions for non-subsidized cylinders in March, 2024), the retails fuel and light inflation in Tamil Nadu declined to 4%, while the corresponding all India figure declined to 1.2%.

Table 2.2: Group-wise Annual Inflation (%): Tamil Nadu and India

Year	Food and beverages	Pan, tobacco etc	Clothing and footwear	Housing	Fuel and light	Miscella-neous
Tamil Nadu						
Weight	43.62	2.20	5.40	12.87	5.15	30.75
2020-21	9.9	12.6	3.9	4.3	7.4	8.5
2021-22	3.8	2.9	9.6	4.5	19.3	6.4
2022-23	4.8	7.4	10	3.7	16.4	6
2023-24	7.4	2	4.1	2.7	4	4.6
2024-25	6.6	4.0	2.2	2.5	-5.0	5.0
2025-26 (till Dec)	-0.003	0.9	1.3	2.8	3.3	6.3
Avg. (2020-21 to 2024-25)	6.5	5.8	6.0	3.5	8.4	6.1
India						
Weight	45.9	2.38	6.53	10.07	6.84	28.32
2020-21	7	10.7	3.4	3.3	2.7	6.6
2021-22	4.2	4.6	7.2	3.7	11.3	6.7
2022-23	6.7	2.2	10	4.3	10.4	6.3
2023-24	7	3.6	4.7	3.9	1.2	4.4
2024-25	6.7	2.7	2.7	2.8	-2.5	4.1
2025-26 till Dec	-0.8	2.6	2.2	3.0	2.4	5.4
Avg. (2020-21 to 2024-25)	6.3	4.8	5.6	3.6	4.6	5.6

Source (Basic Data): MoSPI

2.4.2 In 2024-25, fuel inflation turned negative for both Tamil Nadu (-5%) and India (-2.5%), reflecting a combination of falling global energy prices, increased output from non-OPEC countries, and weak global demand. Prices of mineral oils, crude petroleum and natural gas declined in both Tamil Nadu and India, as reflected by deflation in the WPI.

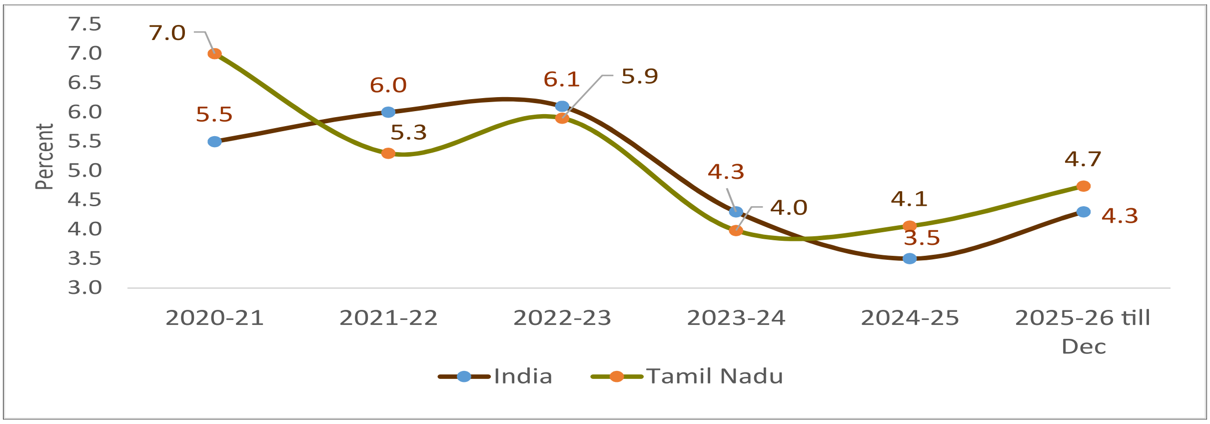
2.4.3 After the pandemic, the clothing and footwear inflation in Tamil Nadu increased to 9.6% in 2021-22 and 10% in 2022-23, while the corresponding all-India figures were 7.2% and 10% respectively. Inflationary pressures in both Tamil Nadu and India eased in 2024-25, mainly due to reductions in clothing and footwear, housing and fuel inflations.

2.4.4 Looking at the average inflation by commodity groups during 2020-21 to 2024-25, the fuel and light category recorded the highest average inflation in Tamil Nadu at 8.4%, followed by food and beverages (6.5%), miscellaneous items (6.1%). For India, the food and beverages had the highest average inflation at 6.3%, followed by miscellaneous items (5.6%) and clothing and footwear (5.6%). It is observed that the inflation rates in 2025-26 (till December 2025) for all groups in both Tamil Nadu and India, except fuel and light and miscellaneous items have come down significantly. Specifically, in December, 2025, the food inflation is 0.19% in Tamil Nadu and -1.85% in India.

2.5 Core Inflation

2.5.1 Core inflation refers to the long-term trend in price level after excluding temporary or volatile price movements. It is calculated by removing the prices of food and fuel/energy, which often fluctuate due to seasonal or global factors such as weather shocks or oil price volatility. By filtering out these short-term supply shocks, core inflation provides a more stable measure of underlying inflation, helping policymakers, including the Reserve Bank of India, make informed monetary policy decisions.

Figure 2.8: Core Inflation in Tamil Nadu and India



Source (Basic Data): MoSPI

2.5.2 After the pandemic, the core inflation in Tamil Nadu declined to 4% in 2023-24, but slightly increased to 4.1% in 2024-25 (Figure 2.8). At the same time, India's core inflation declined from 4.3% in 2023-24 to 3.5% in 2024-25. During 2020-21 to 2024-25, the average core inflation was 5.2% for Tamil Nadu and 5.1% for India.

2.6 Food and Miscellaneous Inflation in Tamil Nadu

2.6.1 This section focuses on inflationary trends in two major components that together account for nearly 75% of Tamil Nadu's CPI basket: food and beverages, and miscellaneous items. Food prices are particularly sensitive to climate-related factors, including heatwaves and unpredictable rainfall patters. In Tamil Nadu, the food inflation surged to 7.4% in 2023-24 and moderated slightly to 6.6% in 2024-25, remaining higher than inflation in all other categories. This increase was largely driven by a decline in agricultural production due to adverse climatic conditions.

Table 2.3: Food Inflation in Tamil Nadu (%)

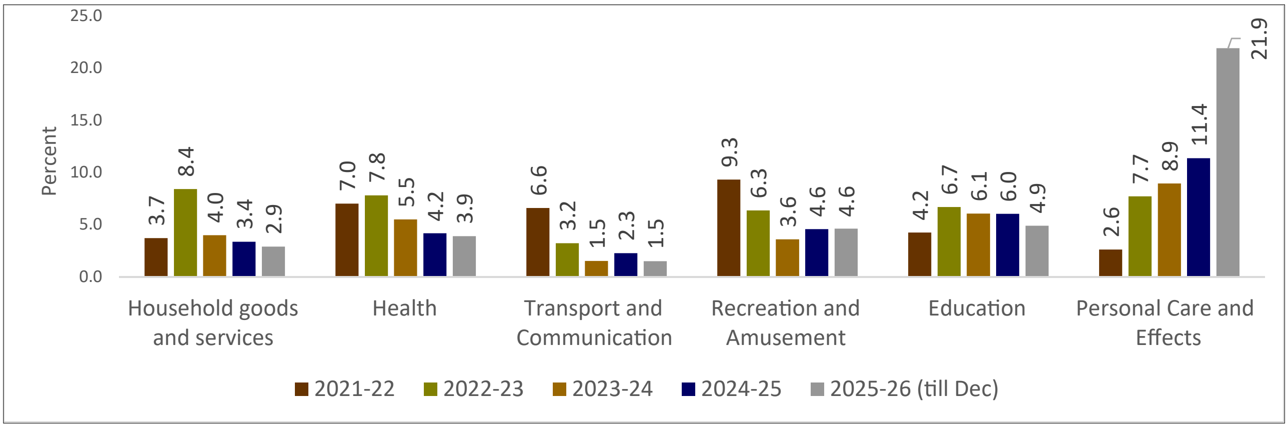
Year	Rural	Urban	Combined	Rural	Urban	Combined
	Cereals and products			Meat and fish		
2021-22	0.8	0.9	0.8	5.5	5.4	5.5
2022-23	5.1	4.6	4.9	1.6	0.5	1.1
2023-24	11.4	9.2	10.3	3.5	3.4	3.4
2024-25	9.5	9.9	9.7	4.3	4.3	4.3
2025-26 (till Dec)	0.6	1.7	0.8	1.4	1.9	1.7
	Egg			Milk and products		
2021-22	4.0	3.8	4.0	1.9	-2.2	-0.4
2022-23	2.6	3.7	3.1	4.2	4.0	4.1
2023-24	9.0	8.4	8.7	6.0	4.7	5.3
2024-25	3.6	4.9	4.2	2.2	1.6	1.8
2025-26 (till Dec)	3.3	1.3	2.3	3.3	3.0	3.1
	Oils and fats			Fruits		
2021-22	23.9	18.7	21.2	1.4	-0.2	0.5
2022-23	7.7	7.5	7.6	-0.8	-2.1	-1.6
2023-24	-17.7	-20.4	-19.0	3.7	6.2	5.1
2024-25	3.7	7.1	5.4	15.4	14.2	14.7
2025-26 (till Dec)	15.0	17.9	16.4	18.0	15.7	16.7

	Vegetables			Pulses and Products		
2021-22	-6.8	1.9	-4.4	3.0	1.1	2.1
2022-23	2.2	-0.1	3.3	2.7	3.0	2.8
2023-24	18.2	20.0	19.1	19.5	21.2	20.3
2024-25	15.0	15.2	15.1	8.5	7.9	8.2
2025-26 (till Dec)	-15.1	-20.9	-18.2	-15.9	-14.7	-15.3
	Sugar			Spices		
2021-22	0.3	0.6	0.5	3.7	2.8	3.3
2022-23	0.9	1.4	1.1	16.3	15.1	15.7
2023-24	1.7	2.6	2.2	9.5	9.6	9.6
2024-25	2.0	2.6	2.3	-4.1	-3.0	-3.6
2025-26 (till Dec)	2.2	2.7	2.5	0.0	1.6	0.7

Source (Basic Data): MoSPI

2.6.2 As shown in Table 2.3, essential food items like cereals, fruits, vegetables, and pulses experienced double-digit inflation in 2023-24 and 2024-25, except cereals and pulses in 2024-25. In 2023-24, egg inflation increased to 8.7%, while edible oil inflation declined to -19.1%. But in 2024-25, the egg inflation moderated to 4.2%, while the oil prices increased by 5.4%.

Figure 2.9: Miscellaneous Items Inflation in Tamil Nadu



Source (Basic Data): MoSPI

2.6.3 Inflation in the miscellaneous category declined from 6% in 2022-23 to 4.6% in 2023-24, before rising slightly to 5% in 2024-25. Apart from food, it remained higher than inflation in any other category. This miscellaneous group includes durable goods and services such as education, health, transport and communication, recreation and amusement, personal care, and household items. Inflation for household goods and services, health,

and education declined steadily from 2022-23 (Figure 2.9). In contrast, the personal care inflation steadily increased from 2022-23. It reached a double digit (11.4%) level in 2024-25. Inflation for recreation and amusement was 6.3% in 2022-23 but declined to 3.6% in 2023-24. However, it increased to 4.6% in 2024-25.

2.7 Inflation Outlook

2.7.1 Like the rest of the country, inflation poses both economic and social challenges for the people of Tamil Nadu. In 2024-25, the state's rural inflation matched the national average. In 2023-24, the state's urban inflation was aligned with the national figure but slightly higher than all India figure by 0.3%. However, urban inflation remained lower than rural inflation. The ease of international oil prices helped moderate inflation in 2024-25 but still remained above the targeted rate of 4%.

2.7.2 As observed from Figures 2.1 to 2.4, by 2025-26 (till Dec), inflation in Tamil Nadu had moderated significantly to 2.4%, with national inflation also declining to 1.7%. Rural inflation in the state declined to 2.7%, while urban inflation declined to 2.1%. The easing of inflationary pressure was largely driven by sharp reductions in food and beverage, and clothing and footwear inflation, which came down to -0.003% and 1.3% in Tamil Nadu, and -0.8% and 2.2% nationally.

2.7.3 In response to easing inflation, the Monetary Policy Committee (MPC) cut the repo rate three times in 2025: by 25 basis points in February 2025, 25 basis points in April 2025, and 50 basis points in June 2025. However, in October 2025, the MPC maintained the repo rate at 5.5%, ending a series of rate cuts. While in December 2025, it was cut further by 25 points at 5.25%, in February 2026, it was kept remaining at 5.25%.

2.7.4 Overall, the analysis indicates that certain inflationary pressures, such as those driven by weather disruptions and international commodity prices, are cyclical and/or seasonal. At the same time, Tamil Nadu faces some structural challenges due to its relatively high socio-economic development. For instance, relative to other states, Tamil Nadu's overall consumption basket has a higher share of services, which are more sensitive to input costs such as wages. In fact, this is true even for the state's rural consumption basket.

2.7.5 While Tamil Nadu faces certain peculiar challenges related to inflation management, it has been largely successful in managing food management, as discussed in the following section.

2.8 Management of Food Economy in Tamil Nadu

2.8.1 Food management encompasses the planning, production, distribution, and consumption of food to ensure food security, minimizes wastage, and promote nutrition. In Tamil Nadu, a state with a strong agricultural base and a growing urban population, effective management of the food economy is essential not only to ensure food security but also for stabilizing prices, supporting rural livelihoods, ensuring affordability and promoting sustainable development. As shown in Table 2.2, food inflation in Tamil Nadu stood at 2.6% in 2021-22 and increased to 4.8% in 2022-23. It subsequently surged to 7.4% in 2023-24 before moderating slightly to 6.6% in 2024-25. These inflation trends exhibit an inverse relationship with agriculture growth rates during the same period, which were 9.46%, 6.46%, -1.96% and -1.83% respectively. To maintain stability and resilience in the food sector, the state has developed a multi-layered food management system that integrates agricultural production, public stocks, and welfare programmes.

2.9 Agricultural Production and Food Supply

2.9.1 Agriculture forms the backbone of Tamil Nadu's food economy. Assured remunerative prices, improved access to institutional credit, crop diversification, free power for irrigation, support for sustainable practices, and enhancement of productivity have been crucial for the agriculture sector's growth. The Union government sets the Minimum support Price (MSP) for essential crops such as wheat, rice, pulses, oilseeds, and nutri-cereals, providing a safety net for farmers. The state government's paddy procurement incentive, in addition to the MSP, has further boosted paddy cultivation. For the Kharif season of 2025-26, the MSP for paddy was revised by the Union government to Rs. 2,389 per quintal for Grade A and Rs. 2,369 per quintal for common varieties.[2] Tamil Nadu government has supplemented this with an incentive of Rs. 156 per quintal for Grade A and Rs. 131 per quintal for common varieties.[3]

2.9.2 Tamil Nadu's rice procurement is primarily managed by the Tamil Nadu Civil Supplies Corporation (TNCSC) through a network of Direct Purchase Centres (DPCs) across the state. For 2025-26 procurement season, the state has set a procurement target of 42 lakh metric tonnes, comprising 30 lakh metric tonnes of Grade A and 12 lakh metric tonnes of common varieties. According to data from the Central authorities, approximately 3.36 lakh farmers in Tamil Nadu received Rs. 6,899 crore during the first round of payments (from September 2024 to March 2025), while around 1.95 lakh farmers received Rs. 3,835 crore in subsequent payments (as of July 2025).

2.9.3 Credit support for farmers is provided through Primary Agricultural Cooperative Credit Societies (PACCs), the Tamil Nadu State Apex Co-operative Bank, Commercial Banks and

2 Source: Press release dated 28th May 2025, available in https://www.pib.gov.in

3 Source: Press release No. 2306 dated 9th Sep 2025, available in https://cms.tn.gov.in/cms_migrated/document/press_release/pr270925_e_2306.pdf

other institutions. As per the RBI's Handbook of Statistics on Indian States, the schedule commercial banks extended agricultural credit of Rs. 3,81,757 crore in Tamil Nadu during 2024-25. PACCs disbursed agricultural loans amounting to Rs. 46,087 crore during the same period.[4] The National Bank for Agriculture and Rural Development (NABARD) also plays a significant role, projecting a credit potential of Rs. 10.61 lakh crore for priority sectors in 2026-27, with a substantial allocation for agriculture amounting to Rs. 5.46 lakh crore.[5]

2.9.4 Food processing is a critical component of food management, as it extends shelf life, reduces post-harvest losses, and adds economic value to agricultural produce. Districts such as Thanjavur and Erode host major rice milling and sugar processing industries. Infrastructure for cold storage, canning and packaging supports the efficient handling of perishable goods. According to the ASI data, Tamil Nadu had 3,723 operating food manufacturing units in 2023-24, with a fixed capital investment of Rs. 22,450 crore. Of these, 1,659 units were engaged in grain mill products, starches and starch products; 294 in dairy products and 129 in processing and preserving fruits and vegetables.

2.9.5 Tamil Nadu is a leading milk-producing state, with cooperative institutions ensuring efficient procurement and distribution. Milk production increased steadily from 87.59 lakh tonnes in 2020 to 1.03 crore tonnes in 2023, reaching an all-time high of 1.08 crore tonnes in 2024. The Tamil Nadu Cooperative Milk Produces' Federation Ltd (AAVIN) is the state-owned cooperative responsible for procuring, processing, and marketing milk and milk products. AAVIN's product portfolio includes milk, butter, curd, ice cream, ghee, milkshakes, khoa, Badam Milk, tea, coffee, and chocolates, serving consumers across Tamil Nadu and other states.

2.10 Food Security and Inflation

2.10.1 Under the National Food Security Act (NFSA)-2013, up to 75% of the rural population and 50% of the urban population are legally entitled to receive food grains, free of cost, under the Targeted PDS. Tamil Nadu maintains extensive public stocks to stabilize supplies and prices. The population benefits from these measures through an extensive network of wholesale markets, retail chains, and cooperative societies. The state's PDS ensures that subsidized food grains reach economically vulnerable populations efficiently.

2.10.2 Tamil Nadu's PDS has evolved into one of the most efficient, inclusive and well-governed systems in India. By maintaining robust public food stocks and distributing them through an extensive network of fair price (ration) shops, the state ensures access to essential commodities such as rice, sugar, kerosene, pulses and millets. This system plays a critical role in reducing hunger, malnutrition, and economic vulnerability (Table 2.4)

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4 Source: Registrar of Cooperative Societies

5 Source: NABARD's State Focus Paper (2026-2027): Tamil Nadu State

2.10.3 As of 31 October 2025, Tamil Nadu has a total of 26,787 fair price shops, of which 24,929 were operated by co-operative societies 2,417 function as mobile shops. In addition, the state operated 11,061 part-time shops to ensure last-mile delivery in remote and sparsely populated areas.[6] Food subsidy expenditure in Tamil Nadu increased from Rs. 5000 crore in 2014-15 to over Rs. 10,000 crore in 2024-25.

2.10.4 Tamil Nadu operates a universal PDS, covering 2.25 crore families-over 7 crore beneficiaries-across both rural and urban areas (Figure 2.10). The state provides free rice over and above NFSA entitlements, along with pulses, and edible oils at subsidized rates. Altogether, more than 37,000 ration outlets support this extensive distribution network. To further strengthen transparency and minimize leakages, the state has adopted bio-metric authentication for beneficiaries and digital stock monitoring across the supply chain.

Table 2.4: Supply of Essential Commodities under PDS in Tamil Nadu

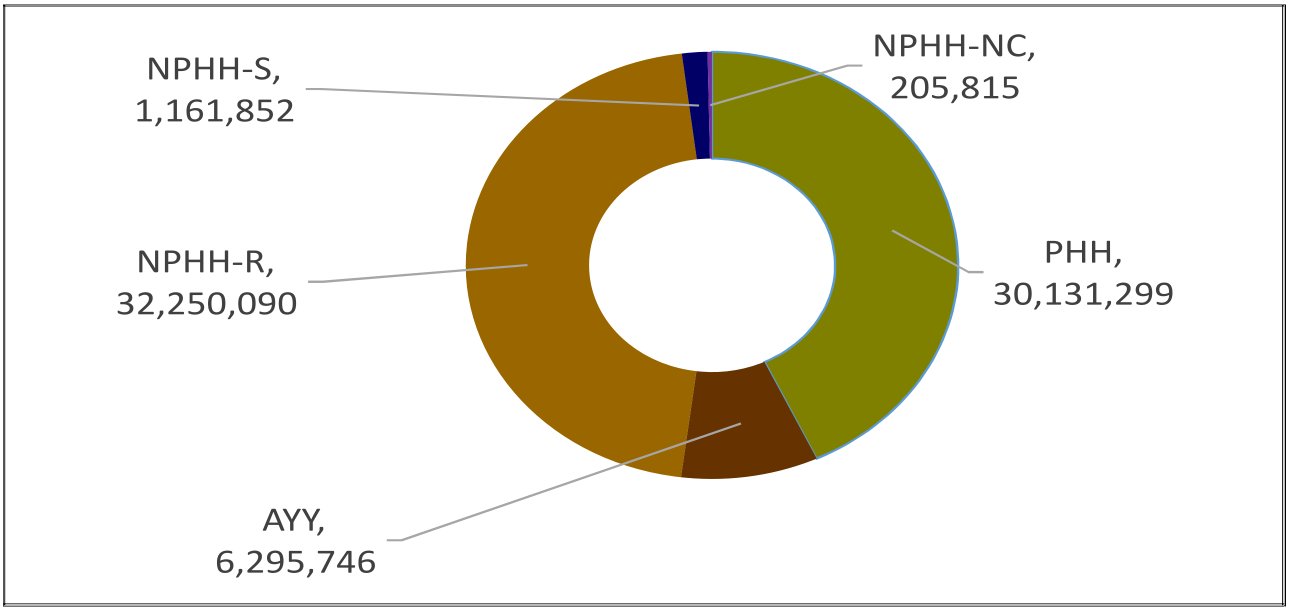
Commodity	Price per Kg/Ltr	Scale of Supply
Rice (for Priority Households-PHH)	Free of Cost	1 member: 12 kg; 1 Adult & 1 Child: 14 kg; 2 Members: 16 kg; 3 Members: 20 kg; 4 Members: 20 kg; and Above 4 Members: 5 kg per member without ceiling limit
Rice (for NPHH)	Free of Cost	1 Member: 12 kg; 1 Adult & 1 Child: 14 kg; 2 Members: 16 kg; 2 Adult & 1 Child: 18 kg; 3 or 4 Members: 20 kg
Anthyodhaya Rice	Free of Cost	35 kg per family card
Wheat (PHH)	Free of Cost	10 kg per month in Chennai & district HQs, and 5 kg in other areas
Ragi	Free of Cost	2 kg per card in lieu of rice only in Nilgiris and Dharmapuri districts
Toor Dhal	Rs. 30	1 kg per card/per month
Palmolein Oil	Rs. 25	1 litre per card/per month

6 Source: Civil Supplies and Consumer Protection Department, GoTN.

Kerosene	Rs. 15 to Rs. 16.50	3-15 litres depending on access to LPG connection and area of residence
Pongal Gift	Free of Cost	1 kg Raw Rice, 1 kg Sugar, 1 sugarcane and cash Rs 3000

Source: Civil Supplies and Consumer Protection Department, GoTN.

Figure 2.10: Type of Card Holders (Beneficiaries) under PDS in Tamil Nadu (2025)

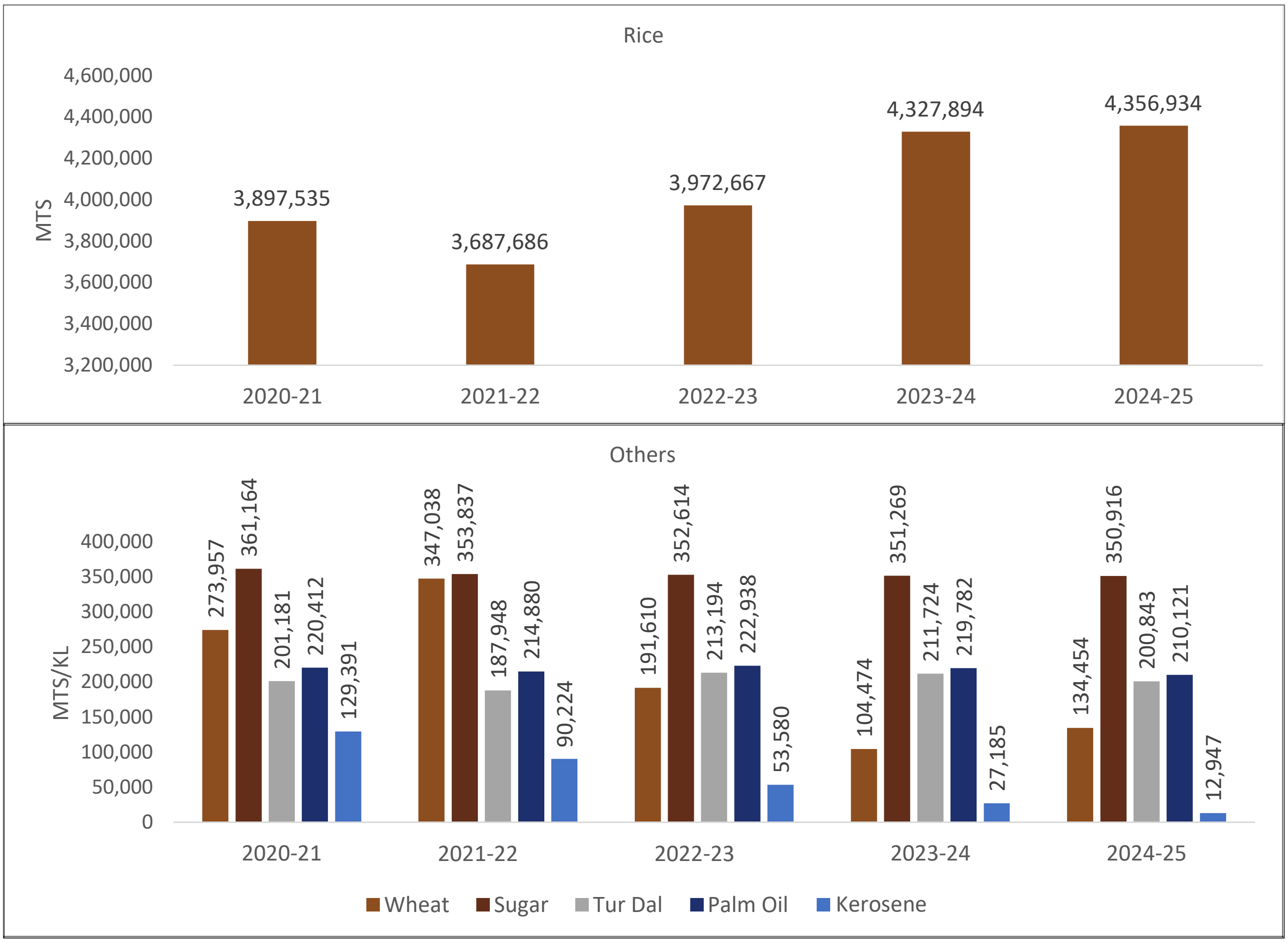


Source (Basic Data): Civil Supplies and Consumer Protection Department, GoTN

2.10.5 From 2020-21 to 2024-25, the quantity of rice supplied through the PDS increased from 38.975 lakh MTS to 43.569 lakh MTS, recording 11.8% increase (Figure 2.11). However, the supply of other products declined during this period, especially the distribution of kerosene declined from 1.29 lakh KL to 12,947 KL, registering about 90% fall.

2.10.6 Tamil Nadu produces a range of oilseeds, including groundnut (peanut), sesame, sunflower, and coconut, which are processed to extract edible oils. The state also has a well-developed edible oil processing industry, including (i) small-scale oil expellers and refineries for groundnut and sesame seeds, (ii) large, refined oil units in Coimbatore, Chennai and Erode, and (iii) retail distributional channels including supermarkets, retail outlets, and government supported fair price shops for rural areas. Despite local production, Tamil Nadu imports substantial quantities of palm oil, soybean oil, and sunflower oil to meet consumption demand, as domestic oilseed production is insufficient to satisfy consumption requirements of the state. These combined supply-side measures and distribution mechanisms help contain edible oil prices, thereby contributing to a moderation of food inflation towards near zero levels in 2025-26.

Figure 2.11: Quantum of Commodities Distributed through PDS



Source (Basic Data): Civil Supplies and Consumer Protection Department, GoTN

2.11 Conclusions

2.11.1 Tamil Nadu Government has implemented a range of measures to strengthen food management and promote agricultural sustainability. Investments in infrastructure such as silos, cold chains and modern wholesale markets have enhanced the efficiency of food storage and distribution. In addition, the state provides income support and essential services to help households manage inflation and maintain access to nutritious food through flagship schemes like Kalaignar Magalir Urimai Thittam, Mahalir Vidiyal Payanam Thittam, and the provision of 100 units of free electricity for domestic households.

2.11.2 While the principal responsibility for inflation management rests with the Union Government and the Reserve Bank of India, Tamil Nadu has developed a robust and inclusive framework to support price stability and food security at the subnational level. By effectively balancing economic management with social welfare interventions, Tamil Nadu has demonstrated its ability to shield households from inflationary pressures. At

the core of this framework is Tamil Nadu's Universal Public Distribution System, one of the most comprehensive in India. It serves over 2.3 crore families with essential commodities, including free rice over and above NFSA entitlements, along with pulses and edible oils at subsidised rates. Complementary welfare programmes such as the Nutritious Meal Scheme, the Chief Minister's Breakfast Scheme, and the Thayumanavar Programme further reinforce nutritional security and social equity.

2.11.3 Tamil Nadu has achieved a notable moderation in headline inflation alongside robust GSDP growth of 11.19% in 2024-25. Retail inflation has followed a clear downward trajectory, reaching 2.4% in 2025-26, driven by a significant decline in food prices, especially cereal, vegetables and pulses. Recent GST rate reductions and targeted supply-side interventions contributed to retail inflation falling to a record low in December 2025. Consequently, CPI inflation in the state is projected to remain within the range of 2–3% during 2025–26, underscoring the effectiveness of Tamil Nadu's multi-dimensional approach to economic stability and social protection.

Chapter 3

Employment: Inclusion and Diversification

3.1 Introduction

3.1.1 Broad-basing of education and employment in modern sectors, has been a key plank of the state's path of social justice. In particular, the state's development policies have focused on transitioning its workforce from traditional to modern sectors through structural transformation of the economy. This effort in restructuring of the economy has been supported by a set of pioneering interventions in education. From ensuring universal enrolment in primary education to now having the highest share of youth in tertiary education in the country[1], the state has opened up a range of economic opportunities for youth from marginal socio-economic backgrounds. Further, this investments in education have led to the state having the highest share of graduates in its workforce [2]. Emphasis on technical and medical education has been particularly high with one of the largest number of students enrolled in engineering and polytechnic courses[3].

3.1.2 Recovering from the pandemic, over the last four years, the state has initiated a set of measures that have sought to improve both demand for employment and supply of skilled workers. In particular, the state has sought to increase enrolment of girls in higher education as well as boys from marginalized social backgrounds through financial incentives and other measures. Nevertheless, in a macro-economic regime premised on inter-state competition to attract private investments and open to global economic fluctuations, ensuring 'decent' employment continues to be a challenge. This chapter maps the trends in employment across the rural-urban divide, gender and caste groups since 2021. It also highlights the pioneering initiatives undertaken by the state government to improve the learning outcomes of formal education as well as establish a closer linkage between supply and demand for skills.

3.1.3 The chapter is based on a comparative perspective, using the respective metrics for the other south Indian states, Gujarat and Maharashtra. The non-south Indian states are chosen because of their growth dynamism. Given that a substantial share of the state's youth pursues higher secondary and tertiary education, we primarily use the 20-59 age group as constituting the state's labour force. The chapter examines both the

1 https://www.indiabudget.gov.in/economicsurvey/doc/stat/tab8.3.pdf accessed on 10/01/2026.

2 Kalaiyarasan, A., & Vijayabaskar, M. (2021). The Dravidian model: Interpreting the political economy of Tamil Nadu. Cambridge University Press.

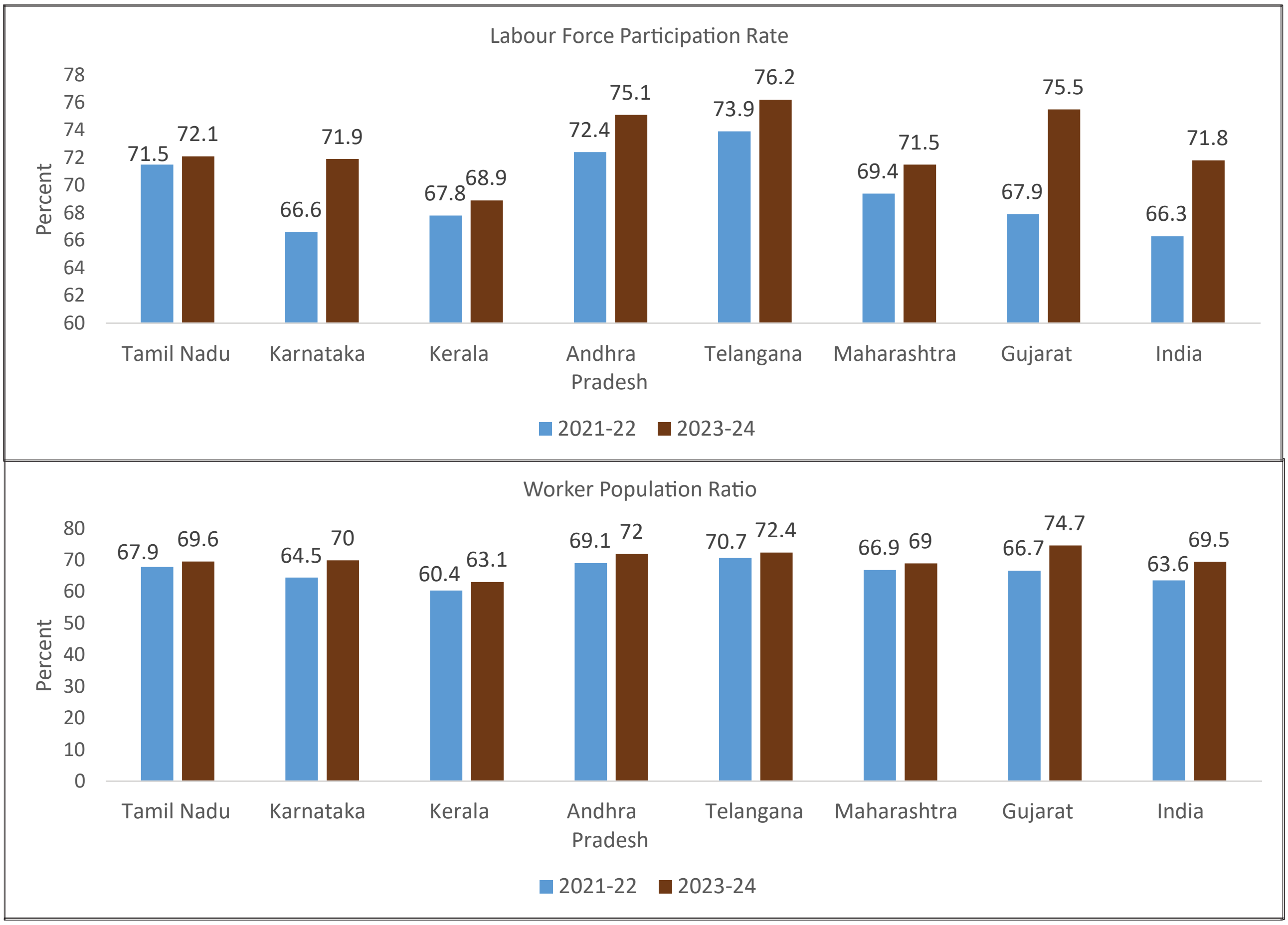
3 State Planning Commission. (2017). Tamil Nadu Human Development Report. Government of Tamil Nadu. https://spc.tn.gov.in/hdr-reports-v2/

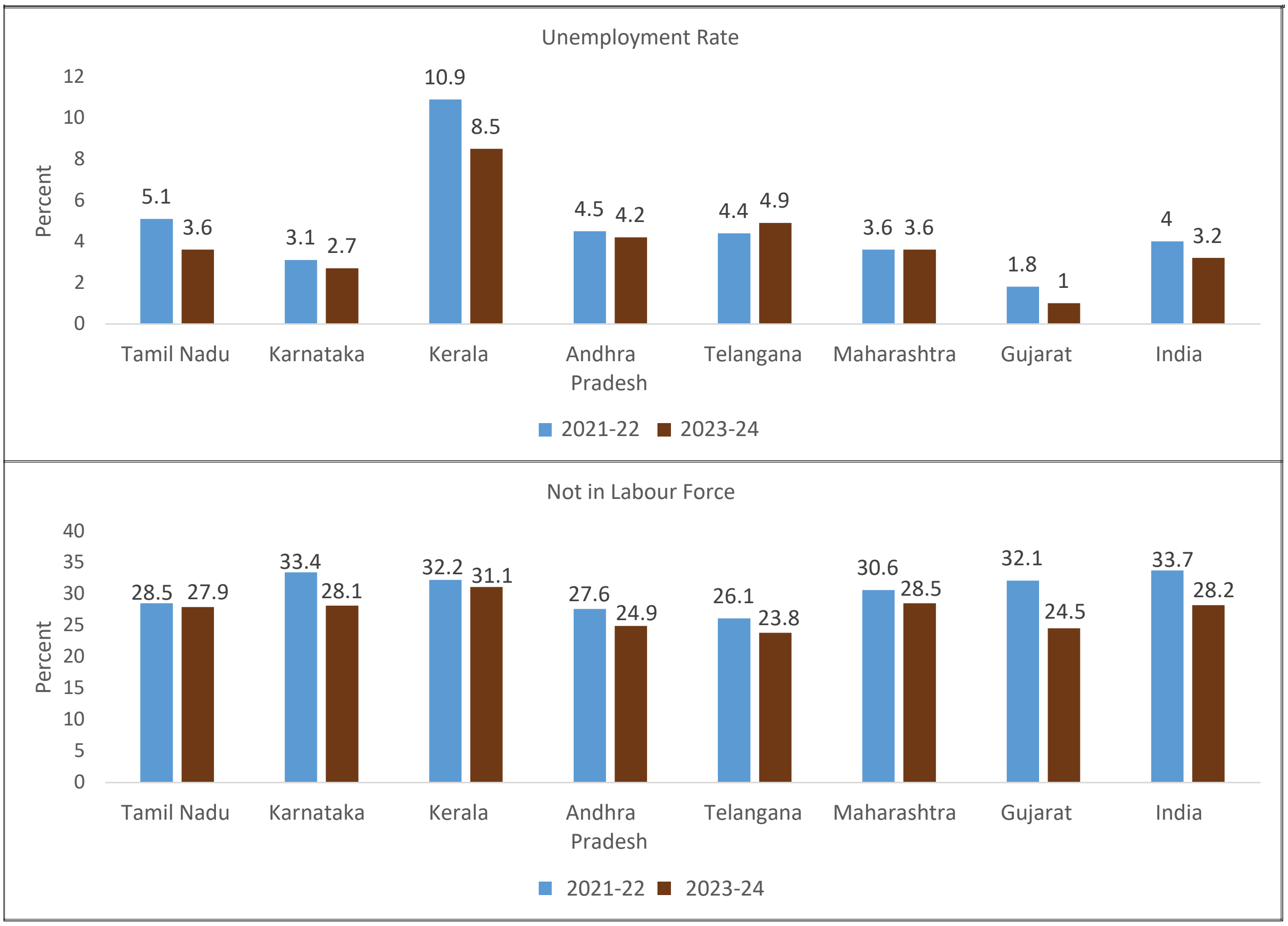
quantitative and qualitative aspects of changes in the labour market with attention to rural-urban differences as well as differences in terms of gender and social groups. Based on this, the chapter identifies a set of strategies to further strengthen and broad-base employment creation. To begin with, the chapter focuses on the quantitative aspect by looking at the working age population of the state that are entering into the workforce, using the changes in worker population ratios and labour force participation rates since 2021-22.

3.2 Worker Population Ratio (WPR) and Labour Force Participation Rate (LFPR)

3.2.1 Overall, the worker-population ratio, i.e., the share of employed workers in the total population has increased between 2021-22 and 2023-24 from 67.9 to 69.6 indicating a greater share of working age population employed in the state. This share is higher than the all-India average though the relative position of the state has fallen among the states under comparison (Figure 3.1).

Figure 3.1: Usual Status Employment Indicators: 2021-22 and 2023-24





Source: Periodic Labour Force Survey (PLFS) 2021-22 and 2023-24

3.2.2 The state's labour force participation rate (i.e., percentage of persons in the labour force in the population) too has increased during this period and is higher than the all-India average. The gap between LFPR and WPR worker population ratio has reduced during this period, indicating that a greater share of those seeking work have been employed by 2023-24 (Figure 3.1).

3.2.3 There has also been a decline in the unemployment rate (UR-percentage of persons unemployed among persons in the labour force) from 5.1% to 3.6 % as well. The UR is more than the all-India average. However, this UR needs to be understood in the Indian context[4]. Given the large-scale distress induced low-quality employment in the country, relatively higher UR is also a reflection of the ability of the labour force to wait for better employment opportunities. This can be attributed to relatively better household incomes in the state on the one hand and better social protection measures on the other.

4 Ghatak, M., Jha, M., & Singh, J. (2024, January). Quantity vs Quality: Long-term Trends in Job Creation in the Indian Labour Market. In The India Forum.

3.2.4 Those not seeking employment due to attendance in educational institutions (NILF_E) has increased while those not seeking work due to domestic responsibilities (NILF_D) has fallen marginally (Table A1). However, this share continues to be high at 22%, particularly among women, highlighting the need for policies that increase the entry of women into the workforce. The chapter examines the gender-based differences across these parameters next, specifically among the younger cohort (in the age group 15-29).

3.3 Gender Differences in WPR and LFPR

3.3.1 The share of women in the 15-29 age group who report to be out of the labour force due to being enrolled in education has increased from 35.3% to 37.8 from 2021-22 to 2023-24 (Table A2). This indicates that a larger share of young women entering the labour market are better skilled. This is also true of young men. The challenge for employment therefore lies in ensuring that jobs generated can take advantage of the investments made by the state and households in education, and ensure quality employment. Having said that, it is also important to note that 36.3% of girls drop out of the workforce due to domestic responsibilities in this age group. Early marriage and other factors appear to play a role in adolescent girls dropping out of school but not willing to enter the labour market. It is in this regard that financial incentives offered through the Pudhumai Penn scheme coupled with sensitisation campaigns have an important role.

3.4 Rural-Urban Differences in Work Participation

3.4.1 Except for Andhra Pradesh and Telangana, the WPR and LFPR for rural Tamil Nadu is higher among all states compared and has also increased since 2021-22 (Table 3.1). However, while the WPR has stagnated during this period for urban Tamil Nadu, the LFPR has fallen marginally (Figure 3.2). Further, the share of urban workers not in workforce on account of domestic work is almost double that of rural workers. Such rural-urban differences may partly be due to expansion of employment opportunities for rural workers on account of spread of non-farm employment opportunities whereas higher incomes in urban households may allow women and their households to adopt social norms against women's economic independence and mobility outside domestic spaces.

3.5 Youth Neither in Employment nor in Education or Training

3.5.1 A major challenge for India in reaping the demographic dividend is finding quality employment for its youth. This challenge is especially sharp for the advanced states like Tamil Nadu and Kerala where the share of youth completing higher education is much higher (All-India Survey on Higher Education 2021-22). This section maps the changes in access to employment for youth in the state (Figure 3.2).

Figure 3.2: Youth Neither in Employment nor in Education of Training (2021-22 and 2023-24)

Source: PLFS 2021-22 and 2023-24

Age 20-59	2021-22					
	Rural					
	WPR	LFPR	UR	NILF_E	NILF_D	NILF_O
Tamil Nadu	**73.1**	**76.6**	**4.5**	**2.3**	**18.2**	**2.9**
Karnataka	68	69.5	2.2	3	21.6	5.9
Kerala	63.1	70.4	10.3	4.3	20.4	4.9
Andhra Pradesh	73.9	76.8	3.8	2.4	17.3	3.5
Telangana	77.6	80.2	3.2	2.9	13.8	3.1
Maharashtra	72.8	74.7	2.6	4.4	18.1	2.8
Gujarat	71.6	72.6	1.4	3.1	17	7.3
India	**66.6**	**68.7**	**3.1**	**3.5**	**15.8**	**12**

Urban						
	WPR	LFPR	UR	NILF_E	NILF_D	NILF_O
Tamil Nadu	**61.6**	**65.4**	**5.9**	**3.2**	**28.7**	**2.7**
Karnataka	58.4	61.5	5	5.8	29.7	3
Kerala	57.7	65.2	11.5	5.3	24.3	5.2
Andhra Pradesh	58.3	62.3	6.5	5	27.8	4.9
Telangana	58.4	62.9	7.1	5.4	28.3	3.4
Maharashtra	59.7	62.9	5	6	28.6	2.5
Gujarat	60.4	61.9	2.4	3.1	32.7	2.3
India	**56.9**	**60.7**	**6.3**	**5.6**	**27.8**	**5.9**

Age 20-59	2021-22					
	Rural					
	WPR	LFPR	UR	NILF_E	NILF_D	NILF_O
Tamil Nadu	**77**	**79.5**	**3.2**	**2.2**	**15.6**	**2.7**
Karnataka	74.9	76.3	1.9	2.8	16.4	4.5
Kerala	64.1	70.5	9.1	4.3	17.7	7.5
Andhra Pradesh	76.9	79.6	3.4	1.7	15.5	3.2
Telangana	80	82.9	3.5	2.7	11.8	2.6
Maharashtra	75.3	77.2	2.4	4.2	15.7	2.9
Gujarat	82.6	82.9	0.3	2.2	12	2.9
India	**73.8**	**75.6**	**2.5**	**2.9**	**13**	**8.5**

Urban						
	WPR	**LFPR**	**UR**	**NILF_E**	**NILF_D**	**NILF_O**
Tamil Nadu	**61.1**	**63.8**	**4.2**	**4.2**	**29.2**	**2.8**
Karnataka	62.5	65.3	4.3	5.4	26.5	2.8
Kerala	62	67.2	7.8	6.1	19.8	6.9
Andhra Pradesh	60.7	64.7	6.2	3.1	28.2	4
Telangana	61.3	66.3	7.5	5.1	26.2	2.4
Maharashtra	61.2	64.6	5.3	4.9	27.5	3
Gujarat	64.6	65.9	2	3.1	28.2	2.8
India	**60.1**	**63.4**	**5.2**	**5**	**25.7**	**5.9**

Source: PLFS 2021-22 and 2023-24

3.5.2 The share of youth in the age group of 20-29 who are neither in employment nor in education or training (NEET) in Tamil Nadu declined from 42.7% in 2021-22 to 37.3% in 2023-24. Many young women in this age group are in the NEET category as they stay out of the labour force to attend domestic duties. For young women the share declined from 64.9% to 60.4% between 2021-22 and 2023-24. For men the share of those in NEET declined sharply from 19.7% to 11.9% in the same period. Gender norms preferring early marriage and attending to domestic responsibilities may cause this trend and therefore, government initiatives like **Pudhumai Penn** and other schemes is more relevant than ever in this context.

3.6 Quality of Employment

3.6.1 The quality of employment generated is particularly important for a state like Tamil Nadu which has a large share of labour market entrants with better educational attainments. This section portrays some dimensions of quality of employment based on secondary sources. The PLFS classifies employment into 'self-employment' and waged work. Within waged employment, the PLFS makes a distinction between those who are employed as 'casual labour' and those who are in 'regular employment'. 'Regular' employment is an indicator of better employment security and regularity of income compared to being in casual work. In case of the self-employed, it has been pointed out that often such employment is distress induced and not necessarily a sign of entrepreneurialism.

3.6.2 In terms of quality of employment, Tamil Nadu ranks second after Kerala. The state has the second highest share of workers (37.2%) in salaried employment in the 20-59 age group (Figure 3.4). This share has increased considerably from 32.8% in 2021-22 suggesting an expansion of better-quality employment opportunities during this period. This increase implies a corresponding fall in shares of casual work and self-employment. There has been a slight fall in the share of those in casual employment and a larger fall in the share of those in self-employment.

3.6.3 A gender-wise break up indicates that this trend is true of both male and female workers (Figure 3.4). The state has the highest share of male workers in regular employment and second highest share of women workers in regular employment after Kerala, with the share of both male and female workers increasing in the two-year period. The fact that the state has 12% more female workers in regular employment compared to the all-India average is particularly noteworthy. However, the gender differences within Tamil Nadu requires attention. While close to 42% of male workers are in regular employment according to the latest data, only close to 30% of women workers are in this category.

Age 20-59 Employed	2021-22								
	Male			Female			Total		
	Salaried	Casual	Self-Emp	Salaried	Casual	Self Emp	Salaried	Casual	Self-Emp
Tamil Nadu	36.1	30.6	33.3	26.8	34.8	38.4	32.8	32.1	35.1
Karnataka	29.1	23.6	47.3	25	31.2	43.8	27.9	25.8	46.3
Kerala	30.6	35.2	34.2	42.9	23.5	33.6	34.9	31.1	34
Andhra Pradesh	30.3	27.7	42	17.7	39.3	43	25.4	32.2	42.4
Telangana	26.7	10.6	62.7	13.9	23.3	62.8	21.9	15.4	62.7
Maharashtra	35.3	21.9	42.8	24	29.4	46.6	31.6	24.3	44.1
Gujarat	39.7	12.9	47.4	18	15.9	66.1	33.5	13.7	52.8
India	25.7	23.6	50.7	17.7	21	61.3	23.3	22.8	53.9
Age 20-59 Employed	**2023-24**								
	Male			**Female**			**Total**		
	Salaried	**Casual**	**Self-Emp**	**Salaried**	**Casual**	**Self-Emp**	**Salaried**	**Casual**	**Self-Emp**
Tamil Nadu	41.7	28.2	30.1	29.6	34.7	35.7	37.2	30.6	32.2
Karnataka	29.8	22.4	47.8	25.3	23.8	50.9	28.2	22.9	48.9
Kerala	36.6	27	36.4	48.3	18.2	33.5	41	23.7	35.3
Andhra Pradesh	27.1	24.9	48	17.7	33.2	49.1	23.4	28.2	48.4
Telangana	31.9	14.4	53.7	19.2	24.1	56.7	27	18.1	54.9
Maharashtra	37.5	19.4	43.1	26.3	24.1	49.6	33.7	21	45.3
Gujarat	40.4	13.3	46.3	19.9	12.4	67.7	33.2	13	53.8
India	27.3	22.3	50.4	17.2	16.4	66.4	23.7	20.2	56.1

Source: PLFS 2021-22 and 2023-24

3.6.4 The state, along with Kerala, however, has a higher share of those in casual employment compared to the all-India average, and a lower share of workers in self-employment. The decline in agricultural employment in both states is an important factor that explains the decline in share of self-employment. According to the Annual Survey of Unincorporated Sector Enterprises (ASUSE) of 2023-24, nearly 23 % of unincorporated enterprises in the state relied on hired labour for functioning, indicating economic dynamism. This was the second highest share among the states being compared, with the all-India average being less than 14%.

3.6.5 While there is a case for reducing the share of those in casual work, especially for women workers, the state has sought to address this issue by ensuring livelihood security through a range of welfare schemes such as universal PDS, effective MGNREGA implementation and the Kalaignar Mahalir Urimai Thittam (KMUT).

3.6.6 The quality of employment is also shaped by the degree of structural transformation. Ensuring structural transformation to move workers from their traditional caste-ascribed roles to modern occupations has been fundamental to the state's vision of social and economic justice.

3.7 Structural Transformation and Employment

3.7.1 As the table 3.3 indicates, with a quarter of its workforce in agriculture in 2023-24, the state has the highest share of workers outside agriculture after Kerala.

Table 3.3: Sectoral Distribution of Employment: 2021/22 to 2023/24

Tamil Nadu	Industry-wise	2021-22	2023-24
I	**Agri & allied**	**27.91**	**25.14**
II	**Non-Agri**	**72.08**	**74.87**
1	Mining & Quarry	0.22	0.21
2	Manufacturing	18.07	16.9
3	Electricity, Water	0.96	0.8
4	Construction	16.93	17.16
Sum 1 to 4	**Industry**	**36.18**	**35.07**
5	Trade & Hotels	13.52	14.72
6	Transport, Storage & Communication	9.39	10.32
7	Fin Intermediaries, Business Services	1.96	1.85
8	Other Services	11.03	12.91
Sum 5 to 8	**Services**	**35.9**	**39.8**

Source: PLFS 2021-22 and 2023-24

3.7.2 In fact, this share has dropped from close to 28% in 2021-22. This share is much lower than the all-India average and that of other fast-growing states suggesting a more successful structural transformation in the state. This fall in share of agricultural employment has been backed by robust manufacturing employment. The state has the second highest share of its workers in manufacturing employment with close to 17% after Gujarat. There has however been a fall in manufacturing employment share compared to 2021-22 by about one percentage point. While this decline is in line with trends observed in most states with a good manufacturing base, the state's higher exposure to global trade fluctuations is likely to explain this decline. The post-pandemic shifts in trade policies globally and logistic frictions in movement of goods may have contributed to this.

3.7.3 The increase in share of workers in more value-adding services such as in information and communication services and education also augurs well for the state and suggestive of dynamic diversification. The small share of workers in these sectors however suggest that while expanding the share of employment in these sectors is important, it is also important to pay attention to the construction sector which is the largest employer outside agriculture along with manufacturing in the state. Given the informal nature of most construction work, there is a strong case to strengthen the construction welfare board, a pioneering initiative of the state government. Trade, transport and storage are other major sources of employment.

3.7.4 It is important to note that, unlike the all-India pattern where the service sector contributes the most to GDP, but agriculture employs the largest share of workers, Tamil Nadu shows a different trend. In the state, the service sector has the largest share in both GDP and employment. In 2023–24, the service sector accounted for around 40 % of total employment, followed by the industry sector at 32 % and the agricultural sector at 25 %.

3.7.5 Structural gap is defined as the difference between the share of the agriculture sector in employment and GDP[5]. The argument is that the structural gap widens at the initial stages of the structural transformation as the agriculture sector's share in GDP declines faster than its share in employment. The economy eventually reaches a turning point where the structural gap in the economy starts to decline. The Tamil Nadu economy has been experiencing a decline in the structural gap since 2004-05 (Mandela and Niyati 2020[6]). The trend continued during the period between 2021-22 and 2023-24 as well even as it widened in most states. As stated earlier, the agriculture sector's share in

5 Timmer, C. P. (2009). A world without agriculture: The structural transformation in historical perspective. Washington, D.C: The AEI Press

6 Mandela S, N., & Niyati, S. (2020). Structural transformation and the new rurality in Tamil Nadu. IASSI Quarterly, 39(3), 361-381

employment was about 28% and in NSDP was about 11% in 202%1-22. Therefore, the structural gap in the economy was 17% in 2021-22, which declined to 15% in 2023-24 (Table 3.4).

Table 3.4: Structural Gap in Tamil Nadu Economy

TN: Agriculture sector percentage share in	2021-22	2023-24
Employment	28	25
NSDP	11	10
Structural Gap	17	15

Source: PLFS 2021-22 and 2023-24 and the EPWRF data on NSDP

3.8 Structural Transformation in Rural Tamil Nadu

3.8.1 As expected, the share of rural population dependent on agriculture is the second lowest among the states, though in terms of levels, it is high at 38% (Table 3.5).

Table 3.5: Employment by Industry and Sector in Rural Tamil Nadu

Age 20-59		2021-22			2023-24		
States	**Sectors**	**Rural**	**Urban**	**Total**	**Rural**	**Urban**	**Total**
Tamil Nadu	Agriculture & allied	42.68	6.78	27.91	38.02	6.71	25.14
	Industries	33.06	40.62	36.18	35.72	34.12	35.07
	Services	24.29	52.6	35.9	26.25	59.18	39.8
Karnataka	Agriculture & allied	62.7	5.31	43.54	64.87	5.52	43.76
	Industries	16.54	31.64	21.57	16.45	30.25	21.36
	Services	20.78	63.06	34.89	18.67	64.23	34.9
Kerala	Agriculture & allied	23.07	12.67	18.1	26.67	10.39	19.07
	Industries	34.86	31.31	33.16	27.89	27.8	27.85
	Services	42.05	56.01	48.74	45.43	61.8	53.08
Andhra Pradesh	Agriculture & allied	55.41	6.62	42.88	57.98	7.28	44.92
	Industries	21.39	31.48	23.99	19.63	31.13	22.58
	Services	23.21	61.91	33.15	22.38	61.6	32.48
Telangana	Agriculture & allied	67.58	5.66	49.1	60.44	4.07	41.1
	Industries	17.39	29.55	21.02	19.71	29.1	22.93
	Services	15.05	64.8	29.9	19.86	66.86	35.96

Age 20-59		2021-22			2023-24		
States	Sectors	Rural	Urban	Total	Rural	Urban	Total
Maharashtra	Agriculture & allied	67.58	3.86	42.05	65.07	3.48	40.53
	Industries	14.07	29.55	20.28	15.1	30.11	21.08
	Services	18.33	66.59	37.67	19.8	66.4	38.36
Gujarat	Agriculture & allied	61.42	4.05	38.62	62.37	2.27	39.62
	Industries	21.33	50.29	32.85	22.57	45.29	31.16
	Services	17.25	45.66	28.54	15.06	52.44	29.22
India	Agriculture & allied	56.58	5.82	42.86	57.07	5.8	43.15
	Industries	22.6	34.76	25.89	22.61	32.83	25.38
	Services	20.82	59.44	31.25	20.33	61.39	31.47

Source: PLFS 2021-22 and 2023-24.

3.8.2 The share has however fallen from more than 42% in 2021-22. In fact, at the all-India level, the share of workforce in agriculture has marginally increased and so it has in several states under comparison. This phenomenon of increased share of workers in agriculture has led to scholars pointing to a process of reversal of structural transformation. The fact that Tamil Nadu has bucked the all-India trend is significant.

3.8.3 At the household level, rural Tamil Nadu is highly diversified. According to the National Sample Survey report titled 'Situation Assessment of Agricultural Households and Land and Livestock Holdings of Households in Rural India, 2019' conducted during July 2018-June 2019, the state was home to an estimated 97,69,400 rural households, out of which 25,82,500 (26.4%) are agricultural households and 71,86,900 (73.6%) are non-agricultural households. An agricultural household is defined as a household producing agricultural output of a value more than Rs. 4,000 per annum and having at least one member reporting to be self-employed in agriculture either in the principal status or in subsidiary status during last 365 days. The agricultural activities include horticulture and livestock as well.

3.8.4 Even by such a generous definition, only around one in four households in rural Tamil Nadu are agricultural households, with the remaining three fourths of them deriving income primarily from non-agricultural activity. The dependence on agriculture is much lower compared to the all -India average of 50% of all rural households being agricultural households. However, there are differences across social groups.

3.8.5 SC households account for almost 30% of rural households in Tamil Nadu but constitute only around 20% of agricultural households. On the other hand, around 68% of rural

households are OBC households, but account for around 78% of agricultural households. This shows that a slightly larger share of rural OBC households is engaged in self-cultivation. However, both sets of households have diversified considerably out of agriculture. Only 18% of SC households and 30.6% of OBC households are found to be agricultural households, indicating a highly diversified rural economy. Nevertheless, the continued dependence of a significant share of rural population on agriculture means that policy efforts need to be further directed towards improving productivity in agriculture and ensuring better returns, apart from ensuring diversification out of agriculture.

3.8.6 Outside agriculture, while the share of workers in construction in rural Tamil Nadu has increased, of note, is the increase in share of workers in manufacturing employment by two percentage points from 11.4% to 13.5% during the two years. It is especially significant given the slight decline in overall manufacturing employment in the state and hence, suggests a 'ruralisation' of manufacturing employment. Policy efforts in this direction are worth mentioning in this regard (Madhavan 2025).[7] Though the state has a long history of attempting to set up industries in backward regions, it has particularly met with success in recent years. The government has actively sought to nudge and incentivize investors to set up factories in industrially backward districts like Thoothukudi, Tirunelveli[8], Krishnagiri and Perambalur. The state has classified districts into three categories based on the extent of industrial backwardness and provides more incentives and concessions for firms willing to move to the most backward districts.

3.8.7 Importantly, most factories moving to backward districts are in labour intensive sectors like footwear, electronics and automobile factories and employ a substantial share of women employees. Madhavan points out that the entry of women into modern employment has incentivized households in such regions to invest more in their girl children's education and postpone the year of marriage.

3.8.8 Other than manufacturing, trade, transportation and storage are other major sources of rural employment. The relatively higher share of those employed in the education sector in rural Tamil Nadu is also a notable trend.

3.9 Gender and Sectoral Diversification

3.9.1 In 2023-24, while the share of male workers in agriculture is only 18%, the share of female

7 https://www.livemint.com/industry/tamil-nadu-industrial-development-vinfast-plant-jabil-ola-electric-tata-solar-yokohama-tyres-britannia-industries-bosch-11751877572069.html accessed on 26/11/2025.

8 Madhavan, R. (2025, July). Work from Tirunelveli: How Tamil Nadu turned ghost districts into Industrial Hotbeds. In Mint. https://www.livemint.com/industry/tamil-nadu-industrial-development-vinfast-plant-jabil-ola-electric-tata-solar-yokohama-tyres-britannia-industries-bosch-11751877572069.html

workers is close to 37% (Table 3.6). However, the latter share is much lower than the all-India average of 63% and lower than all states except Kerala. The same holds good for male workers as well. The share of female workers in construction sector in Tamil Nadu is the highest among all states and accounts for a much larger share than any of them. While the all-India average for women workers in construction is less than 4 %, more than 16% of women workers in the state are in construction. This observation has implications for ensuring social security of women workers in this sector.

3.9.2 With regard to manufacturing, the sector accounts for a similar share as that of construction in 2023-24 (more than 16%). According to the latest Annual Survey of Industries (ASI) data, 40.3% of all directly employed women in the Indian organized manufacturing sector in 2023-24 are employed in Tamil Nadu. The second largest employer of women, Karnataka, has less than 14% of women workers, indicating Tamil Nadu's success in absorbing women in modern manufacturing employment. Trade accounts for the next largest share of women workers, but the share of women workers in education at 7% is relatively high. In fact, after Kerala, TN has the largest share of women workers in the education sector. Finally, though not high in terms of absolute share, a relatively larger proportion of women workers are employed in information and communication services compared to most states.

Table 3.6: Employment by Industry and Gender

Age Group: 20-59		2021-22			2023-24		
States	**Sectors**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Tamil Nadu	Agriculture & allied	21.19	40.06	27.91	18.15	36.85	25.14
	Industries	37.51	33.75	36.18	36.24	33.07	35.07
	Services	41.31	26.18	35.9	45.61	30.09	39.8
Karnataka	Agriculture & allied	37.28	58.7	43.54	36.91	56.7	43.76
	Industries	24.59	14.3	21.57	23.97	16.42	21.36
	Services	38.14	27.01	34.89	39.13	26.87	34.9
Kerala	Agriculture & allied	14.11	25.57	18.1	12.46	29.93	19.07
	Industries	38.08	23.95	33.16	34.01	17.71	27.85
	Services	47.81	50.49	48.74	53.52	52.37	53.08
Andhra Pradesh	Agriculture & allied	34.79	55.76	42.88	37.35	56.53	44.92
	Industries	26.85	19.39	23.99	25.79	17.69	22.58
	Services	38.34	24.82	33.15	36.88	25.78	32.48

Telangana	Agriculture & allied	42.18	60.73	49.1	33.84	52.6	41.1
	Industries	20.97	21.09	21.02	22.87	23.04	22.93
	Services	36.84	18.17	29.9	43.31	24.36	35.96
Maharashtra	Agriculture & allied	33.92	58.62	42.05	31.77	57.36	40.53
	industries	24	12.71	20.28	25.35	12.88	21.08
	Services	42.09	28.68	37.67	42.87	29.75	38.36
Gujarat	Agriculture & allied	29.85	60.37	38.62	29.23	58.82	39.62
	Industries	37.75	20.68	32.85	37.08	20.26	31.16
	Services	32.42	18.95	28.54	33.7	20.92	29.22
India	Agriculture & allied	34.72	61.59	42.86	32.19	63.13	43.15
	Industries	29.86	16.74	25.89	30.71	15.66	25.38
	Services	35.42	21.66	31.25	37.1	21.23	31.47

Source: PLFS 2021-22 and 2023-24.

3.10 Notable Interventions for Inclusive Employment

3.10.1 The state's effective and more broad-based social welfare system along with robust public health care system ensures a higher degree of real income for labour than most states. In addition, the state government has taken significant measures to attract employment generating investments especially in industrially backward areas as stated earlier. Apart from incentives for labour-intensive manufacturing, the government has also launched neo-TIDEL parks which are mini-IT parks in tier 2 locations across the state to attract investments in high end services and hence decentralise high quality employment creation. Apart from such demand boosting measures, the state has also initiated a set of interventions to improve the quality of skill endowments of youth entering into the labour market. The Pudhumai Penn and Thamizh Pudhalvan schemes are directed towards improving the secondary to tertiary education transition rate for male and female students completing school education in government schools and from government aided schools in rural Tamil Nadu. The government has also worked in partnership with Tata Technologies to upgrade 71 industrial training institutes (ITIs) into centres for training in industry 4.0 technologies.

3.10.2 The Naan Mudhalvan Scheme, launched by the Government of Tamil Nadu in 2022, is a flagship and pioneering initiative aimed at equipping students with essential, industry-aligned skills to address the growing gap between academic learning and labour-market requirements**.** Conceived as part of the state's long-term human capital development strategy, the scheme seeks to prepare a workforce capable of responding to rapid technological advancements and globalisation. As of 2025, the scheme has reached over 2.7 million students, making it one of India's most expansive skill development efforts.

Along with imparting technical skills in cutting edge areas such as robotics, data analytics, structural design and machine learning, internet of things, the programme emphasises soft skills such as communication in English which are found to be particularly lacking among first generation learners.

3.10.3 An evaluation of the scheme by the State Planning Commission, Government of Tamil Nadu, in engineering colleges and polytechnics found that it has had a huge impact on students from backward areas where they hardly have any opportunity to interact with industry partners. Further, given the fast-changing frontiers of several technologies, faculty members in these institutions find it hard to keep themselves updated. The scheme, importantly, has a 'Training of Trainers' component that seeks to equip faculty members with such skill sets so that they can impart such skills to students over time. Faculty members as well as employers report that the scheme has indeed been very helpful. Such efforts need to be strengthened further to sustain and increase the pace of creation of quality employment for youth from marginalised sections, especially for young women in the years to come.

3.11 Conclusions

3.11.1 Some key policy measures are highlighted below, which is also in line with the State Planning Commission's Draft Tamil Nadu Employment Policy (2023)[9]. First, regionally balanced employment creation requires focused infrastructure-related interventions. Predictable access to water and power, along with improved physical and digital connectivity, is essential, particularly in the backward districts of the State. Reducing inter-district disparities in access to public agencies and government incentives is also necessary.

3.11.2 Second, investment promotion needs to be explicitly linked to inclusive employment creation. Incentivisation frameworks can incorporate employment generation potential by accounting for direct and indirect employment, the nature of the workforce likely to be employed, and the scope for future value addition. Measures to promote socially inclusive employment include targeted incentives such as time-bound wage subsidies for first-generation graduates, particularly women, entering white-collar employment. Beneficiaries of the Pudhumai Penn and Tamizh Pudhalvan schemes can be prioritised, with the Naan Mudhalvan scheme aligned to support this objective.

9 https://spc.tn.gov.in/policy/draft-tamil-nadu-employment-policy-2032/ accessed on 11/1/2026.

3.11.3 Third, improving real wages of workers requires interventions beyond nominal wage growth. In sectors with limited wage progression, high urban living costs reduce labour mobility, particularly among youth and women. Expansion of public housing and hostel facilities, including the Thozhi Hostel Scheme, can support this objective. Fourth, retention of women in paid employment depends on the availability of affordable and quality childcare services. Investments are required in childcare for infants and toddlers as well as after-school care for children above the age of three. Such facilities should be accessible within or near schools and residential neighbourhoods to support continued workforce participation by women. Finally, enhancing human competencies remains central to improving labour market outcomes. The State's educated workforce can yield higher returns through improvements in the quality of formal education.

Chapter 4

Industrial Policy and Development

4.1 Introduction

4.1.1 Tamil Nadu has emerged as a global manufacturing hub within India. State policies have played a significant role in transforming it into a manufacturing powerhouse. The evolution of its industrial policy is notable for its consistency and stability, even across changes in political regimes. Until 1991, industrial policy in India was primarily managed by the Union Government, with states playing a minimal role. However, post-1992, many states, including Tamil Nadu, began forming their own investment promotion agencies. Tamil Nadu has had three industrial policies since 1992, introduced in 2008, 2014, and 2021, respectively. These policies have remained consistent and non-contradictory, providing stability to investors. For instance, the state's ability to attract large global investments like Apple iPhone suppliers - Foxconn, among others under the current political leadership demonstrates such consistency.

4.1.2 The current state's investment policy targets three main sectors: companies entering Tamil Nadu, South Asian companies looking to invest after disruptions - 'China plus one strategy' in global value chains, and companies already invested in the state. The recent policy note (2025) reflects Tamil Nadu's recalibration to align with its global position, focusing on both capital-intensive and employment-intensive industries.[1] Tamil Nadu's industrial policy thus prioritizes balanced growth and job generation as core objectives. It also demonstrates a consistent and stable approach, focusing on sector-specific inventions in electronics hardware manufacturing, R&D, EVs, semiconductors, and other advanced electronics, all of which play a key role in deepening the manufacturing ecosystem in the state. Notwithstanding the pressure of competitive subsidies and tax breaks to attract private investment among states, Tamil Nadu has leveraged its unique advantages of its governance, infrastructure and geography.

4.1.3 Tamil Nadu was one of the few states that established its own agency to negotiate with private investors, both domestic and foreign, in the early 1990s as India embraced economic liberalization. Guidance—originally known as the Tamil Nadu Industrial Guidance and Export Promotion Bureau—was established in 1992 as a parastatal nodal agency. The agency operates under the Department of Industries, Investment Promotion, and Commerce (DIIPC) and has an official mandate to promote ease of doing business within the state and to attract investment. It was further empowered under the Tamil Nadu Business Facilitation Act 2018, provides support to prospective investors by operating and managing the single-window portal for clearances and approvals. As a result, the state's improved Ease of doing business ranking, from 14th(in 2019) to 3rd (in 2022), indicates positive changes based on industry feedback. In terms of both social and

1 See for the details: ind_e_pn_2025_26.pdf

physical infrastructure, the state has been leading in most of these indicators.[2] The role of human capital in driving both economic growth and entrepreneurship is well established.[3] The state has come to be recognized for its ability to generate one of the largest pools of technically skilled labour in the country. The NCAER index ranks the state at the top in this regard.[4] The state's early creation of higher education infrastructure, ensuring higher and more broad-based enrolment, with a particular focus in technical education, drove this process.

4.1.4 Tamil Nadu stands apart in its physical infrastructure, as well. The state had achieved 100% rural electrification by the 1970s, while Gujarat and Maharashtra achieved a similar feat only in the 1990s. As per the NCAER index, it has the narrowest gap between supply and demand for power and also ranks third in the IT readiness index.[5] The state has the fourth largest (after Maharashtra, Gujarat and Rajasthan) installed capacity of power with 44,538.61 MW in November 2025. Tamil Nadu's well-established road network has a road density that is 2.5 times that of all-India. Following the process of 'responsibilisation' of state governments regarding resource mobilization after economic reforms of the early 1990s, the state has managed to sustain its productive dynamism through mobilization of foreign capital as well.

4.1.5 According to Tamil Nadu Industrial Guidance & Export Promotion Bureau, the FDI share of the state has seen consistent growth during 1990s and 2000 approximating to 8.56% and ranking third next only to Maharashtra and Delhi in 2021. In the 2024-25 financial year alone, Tamil Nadu has attracted $3,861 Million of FDI. From October 2019 to December 2024, there was a cumulative FDI equity flow of USD 13.84 billion towards Tamil Nadu, and it holds 5% of the total FDI in India. It has successfully managed to attract several multinational firms to set up operations in the state and also attracted capital into urban infrastructure development through promotion of public private partnerships.[6]

4.1.6 Particularly noteworthy is the Sriperumbudur case – an industrial cluster close to Chennai, which has been nationally recognized as a successful instance of state policies enabling the attraction of foreign investments. Leading global firms specializing in production of hardware and electronic goods like Nokia, Samsung, Motorola, Dell and Foxconn have set up productive capacities in the region over the last 15 years responding to a slew of government incentives. This led to the growth of an electronic hardware segment virtually from scratch in the state.

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2 Tamil Nadu retains 'achiever' status in logistics infra rankings of states | India News - Business Standard

3 Marvel, M. R., Davis, J. L., & Sproul, C. R. (2016). Human capital and entrepreneurship research: A critical review and future directions. Entrepreneurship Theory and Practice, 40(3), 599–626.

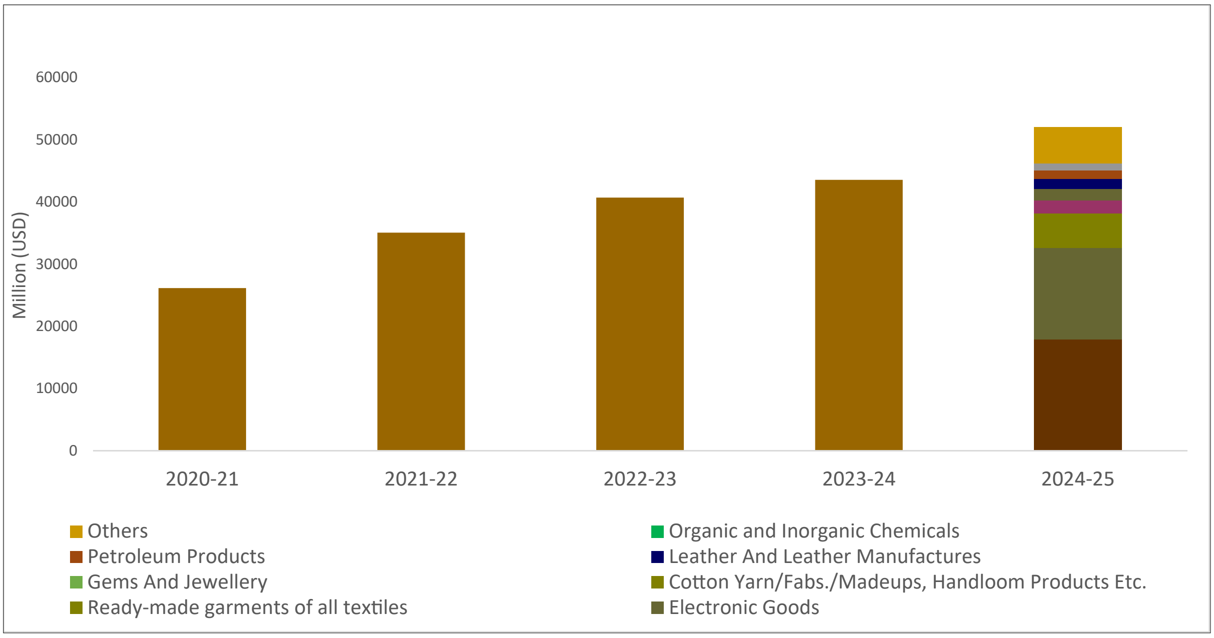
4 The National Council of Applied Economic Research (NCAER) has been publishing an investment potential index for states (State Investment Potential Index) in recent years that is a composite index of six broad parameters of infrastructure (physical and social) and governance. See for the details- The NCAER State Investment Potential Index (N-SIPI) 2018 - NCAER | Quality . Relevance . Impact

5 Kalaiyarasan, A., & Vijayabaskar, M. (2021). The Dravidian model: Interpreting the political economy of Tamil Nadu. Cambridge University Press.

6 https://www.dpiit.gov.in/static/uploads/2025/12/4f3068d4fd12f96dcbd06f55c8fb0c6c.pdf

4.1.7 This is clearly a case of a successfully 'induced' cluster that has witnessed remarkable growth despite the recent closures of Nokia followed by Foxconn and a bunch of component suppliers. Though it had a strong auto production base even in the 1990s, Chennai has emerged as India's leading automobile, now EVs, auto components exporter in India and is often referred to as 'Detroit of India'. The region accounts for 35% of the auto component production in India and is home to the world's leading automobile producers like Hyundai, Ford, Daimler Benz, Yamaha, BMW and Mitsubishi.[7] Hyundai has made Chennai the manufacturing and export hub for its small cars and is Hyundai's largest base outside South Korea. The state now exports high value electronics and engineering goods, alongside goods such as readymade garments, handloom products, and leather. It stands among the top three states, along with Gujarat and Maharashtra, together accounting for more than half of India's merchandise exports. Tamil Nadu alone recorded exports of USD 52.1 billion in 2025, giving it a 13.34% national share. The latest data from the Engineering Export Promotion Council of India (EEPC India) shows that Tamil Nadu's engineering exports reached USD 18.1 billion in FY 2024–25.

Figure 4.1: Value of Merchandise Export from Tamil Nadu (Million USD)



Source: National Import-Export Record for Yearly Analysis of Trade, NIRYAT

4.1.8 Industrial growth is not only broad-based sectoral, but also spatially more evenly distributed and socially inclusive. This becomes evident when we look at spread of factories per given population. As per the economic census of 2015-16, in the size category of 20-99 workers, the state has 34,599 units as compared to 16,236 units in Gujarat, 30,301 units in Maharashtra and 24,732 units in West Bengal. In the category of 100 and above workers, Tamil Nadu has 3,219 units while there are only 2,675 units in Gujarat

7 https://www.business-standard.com/article/economy-policy/tamil-nadu-eyes-major-investments-in-state-s-auto-auto-components-industry-119010400335_1.html

and 4,678 units in Maharashtra. If we standardize this into enterprise (size of 100 and above) per population, the state has an enterprise per 22,684 persons while it is 24,021 in Maharashtra, 22,927 in Gujarat and 51,031 in West Bengal.

4.1.9 Given the size of India in terms of population and of late economic growth, sub-national states proximate the size of many nations in both global south and north. In fact, in purchasing power parity terms, the size of Tamil Nadu's economy is equivalent to that of the UAE and higher than many Asian economies such as Vietnam and Lao PDR.[8] Tamil Nadu has been one of the fastest growing states in the post-reforms period backed by high growth in both manufacturing and the services sector[9]. The state has managed to achieve such sustained economic growth with relatively fair distribution and improvements in health, education, and nutrition compared to many other states in India.

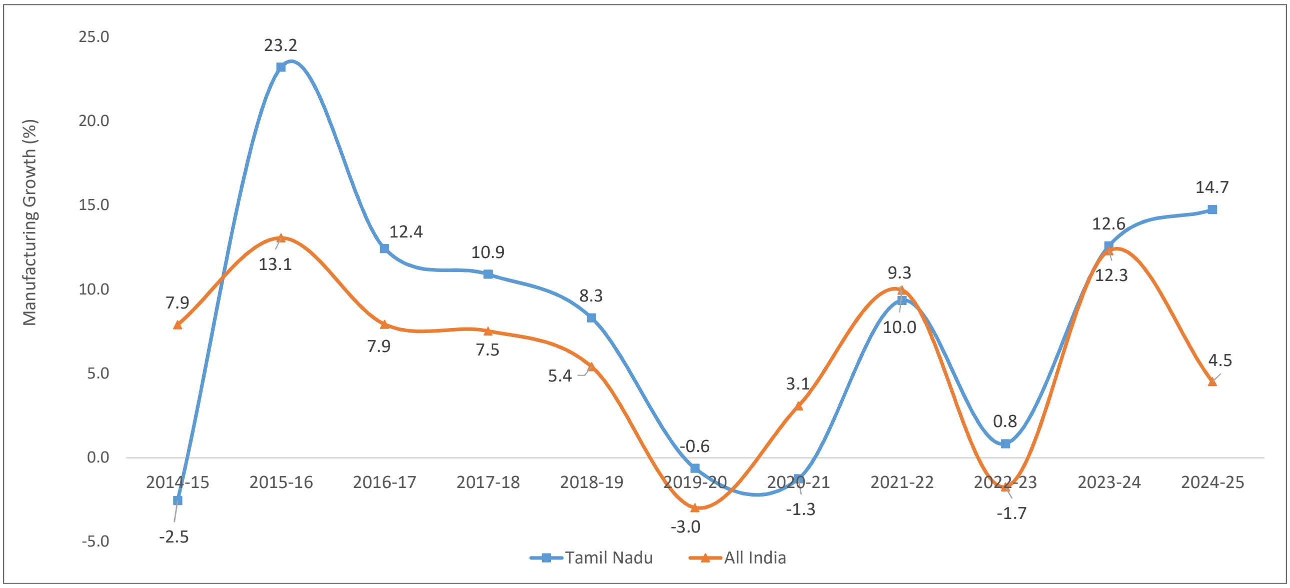
4.1.10 The state has witnessed sustained economic growth and has clocked higher growth than all India average in the post-reform period. In the 1960s, Tamil Nadu was one of the poorest states in the country going by poverty levels (Dreze and Sen 2013) though it had relatively higher per capita income. The decadal average per capita income for the state in the 1960s was Rs. 10,303 (at 2004-05 price) while the corresponding figures for Maharashtra, Gujarat and West Bengal were Rs. 11,294, Rs.10,303 and Rs. 9,133 respectively. Income for Bihar was Rs. 5,108. By 2010s (decadal average), the average per capita income in Tamil Nadu has gone up to Rs. 54,093 while the corresponding figures for Maharashtra, Gujarat and West Bengal are Rs.60,454, Rs. 54,957 and Rs. 32,334 respectively. The working paper "Relative Economic Performance of Indian States: 1960–61 to 2023–24", published by the Economic Advisory Council to the Prime Minister attributes this rapid rise to economic liberalisation. Bihar's per capita income for the corresponding year was Rs.12,802. In other words, while Tamil Nadu had a per capita income twice (203%) that of Bihar in the 1960s, it has gone up to four times (423%) that of Bihar in 2010s. The gap has further widened up to five times in 2024-25 and the per capita income of Tamil Nadu (at 2011 prices) is Rs. 1,97,747 and Rs. 36,342 for Bihar. Such remarkable increase in income is also borne out with a comparison with the all-India average. If we compare with all India average, the state had an income marginally (by 12%) higher than that of India's per capita income (Rs. 9,129) in the 1960s but has gone up to 148% of all India average (Rs. 32,297) in 2010s and it further rose to 178% in 2024-25. In terms of position, the state stood at fourth place among 12 large states in the 1960s, it has steadily improved its position from fourth to third in 1990 and to second in 2014-15 and further down to 4th in 2024-25.

8 https://statisticstimes.com/economy/comparing-indian-states-and-countries-by-gdp.php

9 Kalaiyarasan, A. (2014). A comparison of developmental outcomes in Gujarat and Tamil Nadu. Economic and Political Weekly, 49(15), 36–45.

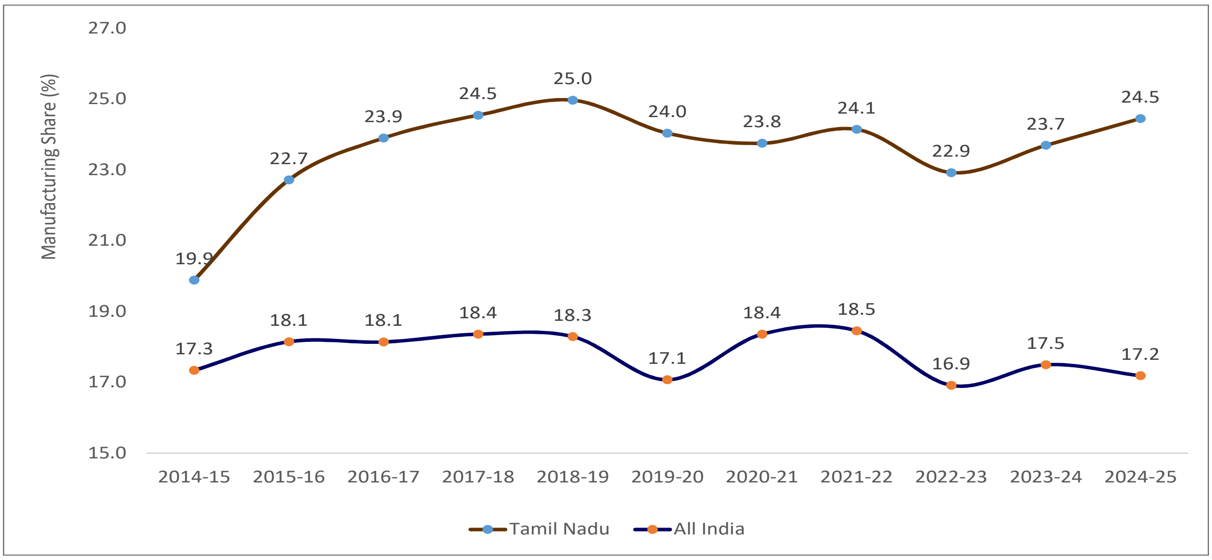
4.1.11 However, as the Handbook of Statistics on Indian States 2024–25 released by the RBI suggests, the state stands as the second largest economy after Maharashtra. Its per capita income has risen steadily across the consecutive three years, recording highest growth of 13.59% in 2022–23, 13.83% in 2023–24, and 15.41% in 2024-25. Manufacturing is main driver of growth. The sector grew at 12.59% in 2023-24 and 14.74% in 2024-25. The performance of the manufacturing exceeds that of the national average consistently for the last 10 years except in 2020-21 and 2021-22.

Figure 4.2: Trend in Manufacturing Growth (In 2011-12 Prices)



Source: Ministry of Statistics and Programme Implementation (MoSPI)

4.1.12 What is also significant is the nature of economic growth. The increase in GSDP has been accompanied by structural transformation of a degree that is higher than any other state in the country. Not only does the state have the second-lowest share of its population dependent on agriculture, but agriculture also contributes less than 8% to the state's income, which is less than half of the all-India average (GoTN 2025). Importantly, it has one of the largest shares of GVA in manufacturing and has built a vibrant manufacturing base particularly in labor-intensive sectors like textiles, garments, leather goods and automobile manufacturing. The manufacturing share in the state GDP has been rising from 19.9% in 2014-15 to 24.5% in 2024-25 when the national average stagnating around 17.2 %.



Source: Ministry of Statistics and Programme Implementation (MoSPI)

4.2 Organised sector performance

4.2.1 Tamil Nadu has become a global manufacturing hub within India. Estimates show that the share of manufacturing in Tamil Nadu's Gross State Value Addition (GSVA) stands at over 24 % – one of the highest in the country. As per the Annual Survey Industries (ASI) 2023-24, Tamil Nadu has highest (15.4 %) share of registered factories in India. In terms of large enterprises with size of 1000 and above, the state has 1,735 units accounting for 28% of India's factories in this size cohort. The corresponding figures for Gujarat and Maharashtra are 679 and 742 accounting for just 11% and 12% of total respectively. In the size category 5,000 and above, the state has 311 units accounting for 35% of total units in India while Gujarat and Maharashtra have 66 units accounting for 7.3% of the total enterprise in the country. There has been a wave of new investments in building large factories such as Foxconn plant which employs about 18,000 workers and a Tata plant employing about 40,000 workers. The state also has the highest (15.2%) share of persons engaged in factory operations. In India' total manufacturing GVA, the state stands (10.3%) third after Maharashtra (16%) and Gujarat (14%) despite having the largest share of its labour in manufacturing indicating the relatively higher labour intensity of its manufacturing base.[10]

10 Kapoor, R. (2015). Creating jobs in India's organised manufacturing sector. Indian Journal of Labour Economics, 58(3), 349–375.

4.2.2 According to Amirapu and Subramanian (2015), Tamil Nadu has reached as high as 18% of Manufacturing GDP second only to Gujarat's 22%. However, it had the highest share of organized factory employment to total employment in the country. No major state has even crossed this figure in the last 30 years. The dynamism of the state's manufacturing is also evident when we look at the unorganized sector. Of the total 33 lakhs registered units in India, Tamil Nadu also has about 5.4 lakhs units. Though Gujarat has a higher manufacturing base in terms of GVA and fixed capital, it is not as broad based as Tamil Nadu. As Nagaraj and Pandey (2013) show, export-oriented petroleum refining alone accounts for about a quarter of gross value added in registered manufacturing in Gujarat state which may not offer enough by way of employment. On the other hand, labour intensive sectors such as automobile (18%), textiles (11%) and food products (9%), constitute more than 40% of the output in the factory sector in Tamil Nadu.

Table 4.1: State-wise Distribution of Factories, Employment and Value Added in India, 2023-24

State	Operating Factories	Total Persons Engaged (Lakhs)	Operational Factories with >5,000 employees	Operational Factories with >1,000 employees	Gross Value Added (Rs. crore)	Fixed Capital (Rs. crore)
TN's Rank	1	1	1	1	3	3
Tamil Nadu	32,000 (15.0)	29.8 (15.2)	311 (34.6)	1,735 (27.6)	2,52,175 (10.3)	3,74,272 (8.1)
Gujarat	26,663 (12.5)	25.6 (13.1)	66 (7.3)	679 (10.8)	3,49,205 (14.2)	9,03,279 (19.5)
Maharashtra	21,196 (10.0)	25.4 (12.9)	66 (7.3)	742 (11.8)	3,92,097 (15.9)	5,52,291 (11.9)
Uttar Pradesh	18,827 (8.8)	16.3 (8.3)	27 (3.0)	342 (5.4)	1,67,157 (6.8)	2,58,256 (5.6)
Andhra Pradesh	12,305 (5.8)	7.7 (3.9)	26 (2.9)	224 (3.6)	98,856 (4.0)	2,51,895 (5.4)
Karnataka	11,744 (5.5)	12.3 (6.3)	121 (13.5)	648 (10.3)	1,83,747 (7.5)	2,82,348 (6.1)
Punjab	11,316 (5.3)	7.8 (4.0)	1 (0.1)	161 (2.6)	60,366 (2.5)	1,19,462 (2.6)
Telangana	10,503 (4.9)	9.1 (4.7)	45 (5.0)	208 (3.3)	81,989 (3.3)	1,23,056 (2.7)
Rajasthan	9,760 (4.6)	7.5 (3.8)	30 (3.3)	159 (2.5)	1,01,980 (4.1)	2,02,972 (4.4)

State	Operating Factories	Total Persons Engaged (Lakhs)	Operational Factories with >5,000 employees	Operational Factories with >1,000 employees	Gross Value Added (Rs. crore)	Fixed Capital (Rs. crore)
West Bengal	8,416 (4.0)	7.7 (4.0)	22 (2.4)	238 (3.8)	79,153 (3.2)	1,54,087 (3.3)
Haryana	8,180 (3.8)	11.9 (6.1)	14 (1.6)	290 (4.6)	1,53,062 (6.2)	1,81,944 (3.9)
Kerala	6,982 (3.3)	3.6 (1.8)	12 (1.3)	158 (2.5)	39,718 (1.6)	60,889 (1.3)
Assam	5,041 (2.4)	2.4 (1.2)	0 (0.0)	11 (0.2)	29,020 (1.2)	64,902 (1.4)
Chhattisgarh	4,921 (2.3)	3.0 (1.5)	61 (6.8)	126 (2.0)	43,489 (1.8)	1,30,756 (2.8)
Madhya Pradesh	4,587 (2.2)	4.9 (2.5)	4 (0.4)	108 (1.7)	82,665 (3.4)	2,43,081 (5.3)
Odisha	2,947 (1.4)	3.8 (1.9)	23 (2.6)	81 (1.3)	78,680 (3.2)	3,68,096 (8.0)

Note: Figures in parentheses indicate share in total (%). Source: Annual Survey of Industries (ASI), 2023-24.

4.2.3 In terms of sub-sectors, as shown in the table 4.2, Tamil Nadu continues to top in most labour-intensive industries in the country. It accounts for about one-third of national gross value added in wearing apparel, followed by 29% in leather and related products. The state also occupies the second position in several major manufacturing segments, including textiles accounting for 18.4%, other transport equipment (17.8%), computer, electronic and optical products (16.6 %), and fabricated metal products excluding machinery and equipment (13.4%).

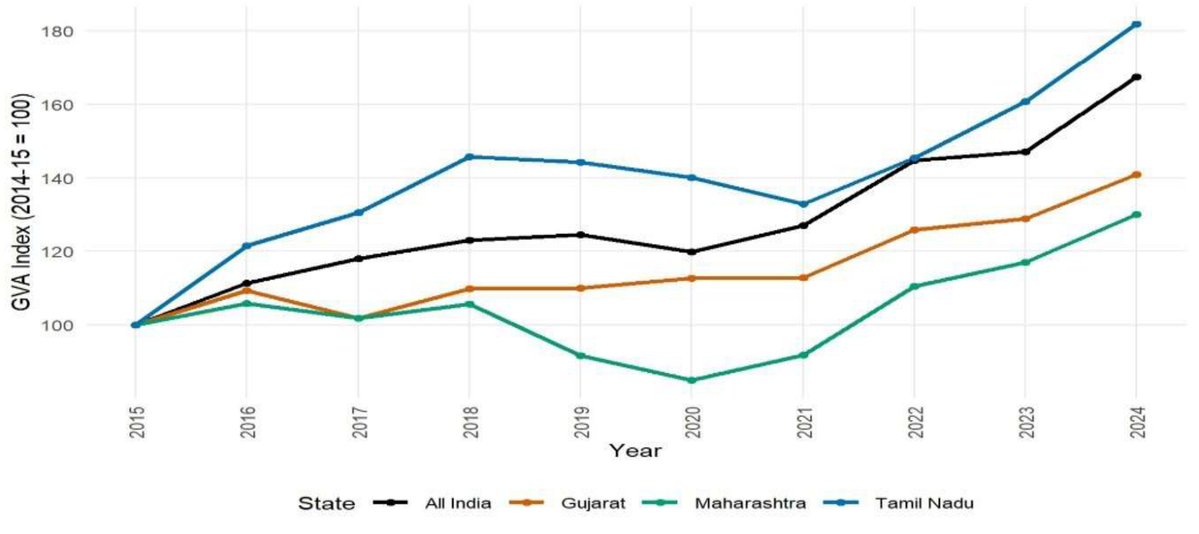
4.2.4 Tamil Nadu ranks third in several key industries, notably motor vehicles, trailers and semi-trailers (20.9%), other manufacturing (16.4%), machinery and equipment (15.9%), rubber and plastics products (12.7%), and paper and paper products (10.3%). The state stands fourth in seven key sectors including electrical equipment, non-metallic minerals, and chemicals. These trends show the state's diversified industrial base and its strong presence across both consumer goods and intermediate goods industries. This diversified structure also contributes to strengthening local supply chains and enhances the resilience of Tamil Nadu's vibrant manufacturing ecosystem.

Table 4.2: Sector-wise Gross Value Added and Rank of Tamil Nadu in Manufacturing

Sector	Rank	Gross Value Added (Rs. Crore)	Gross Value-Added share in India (%)
Wearing apparel	1	17,906	30.9
Leather and related products	1	5,119	29.2
Textiles	2	17,647	18.4
Other transport equipment	2	13,064	17.8
Computer, electronic and optical products	2	11,490	16.6
Fabricated metal products, except machinery and equipment	2	9,402	13.4
Motor vehicles, trailers and semi-trailers	3	46,698	20.9
Other manufacturing	3	8,407	16.4
Machinery and equipment n.e.c.	3	27,245	15.9
Rubber and plastics products	3	13,597	12.7
Paper and paper products	3	4,188	10.3

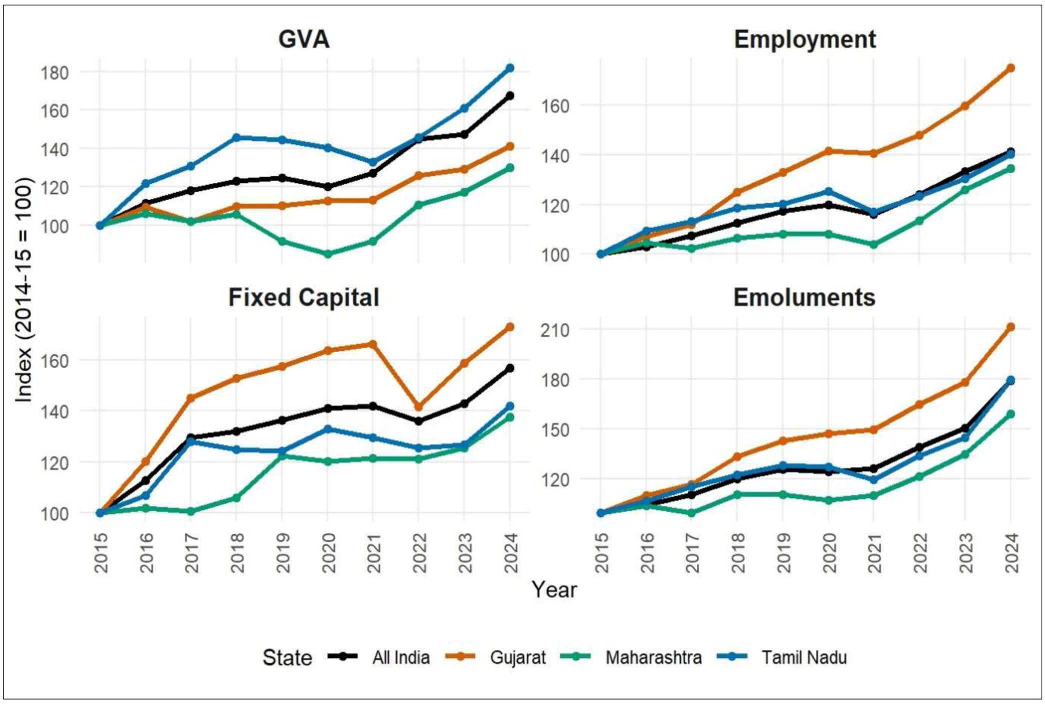
Source: Annual Survey of Industries (ASI), 2023–24.

Figure 4.4: Patterns in Gross Value Added of Tamil Nadu (Indexed, 2014-15 =100)



Source: Annual Survey of Industries, 2010-11 to 2023-24

Figure 4.5: Patterns in Emoluments, Employment, Fixed Capital, and Gross Value Added of All India (Indexed, 2014-15 =100)



Source: Annual Survey of Industries, 2014-15 to 2023-24

4.2.5 As shown in the figure 4.4, the pattern of manufacturing growth in Tamil Nadu broad-based and more balanced relative to other industrially advanced states such as Gujarat and Maharashtra. With 2014–15 as the base year, real gross value added (GVA) in Tamil Nadu shows a strong and sustained increase, rising more rapidly than in Gujarat and Maharashtra over most of the period. Employment growth, while positive, has been more moderate, whereas real emoluments have increased at a faster pace, particularly after 2018–19, indicating rising real earnings per worker. Unlike Gujarat, where fixed capital growth outpaces GVA for much of the period, Tamil Nadu exhibits a pattern in which GVA growth keeps pace with, and in later years slightly exceeds, the growth of fixed capital. This suggests relatively higher capital productivity in Tamil Nadu and a stronger translation of investment into value addition. Maharashtra, by contrast, shows weaker and more volatile growth across GVA, employment, and fixed capital, especially around the COVID years, with a slower recovery thereafter. Tamil Nadu's manufacturing growth thus combines productivity and rising real emoluments, showing a relatively inclusive manufacturing growth process.

4.3 Wages and Wage Share

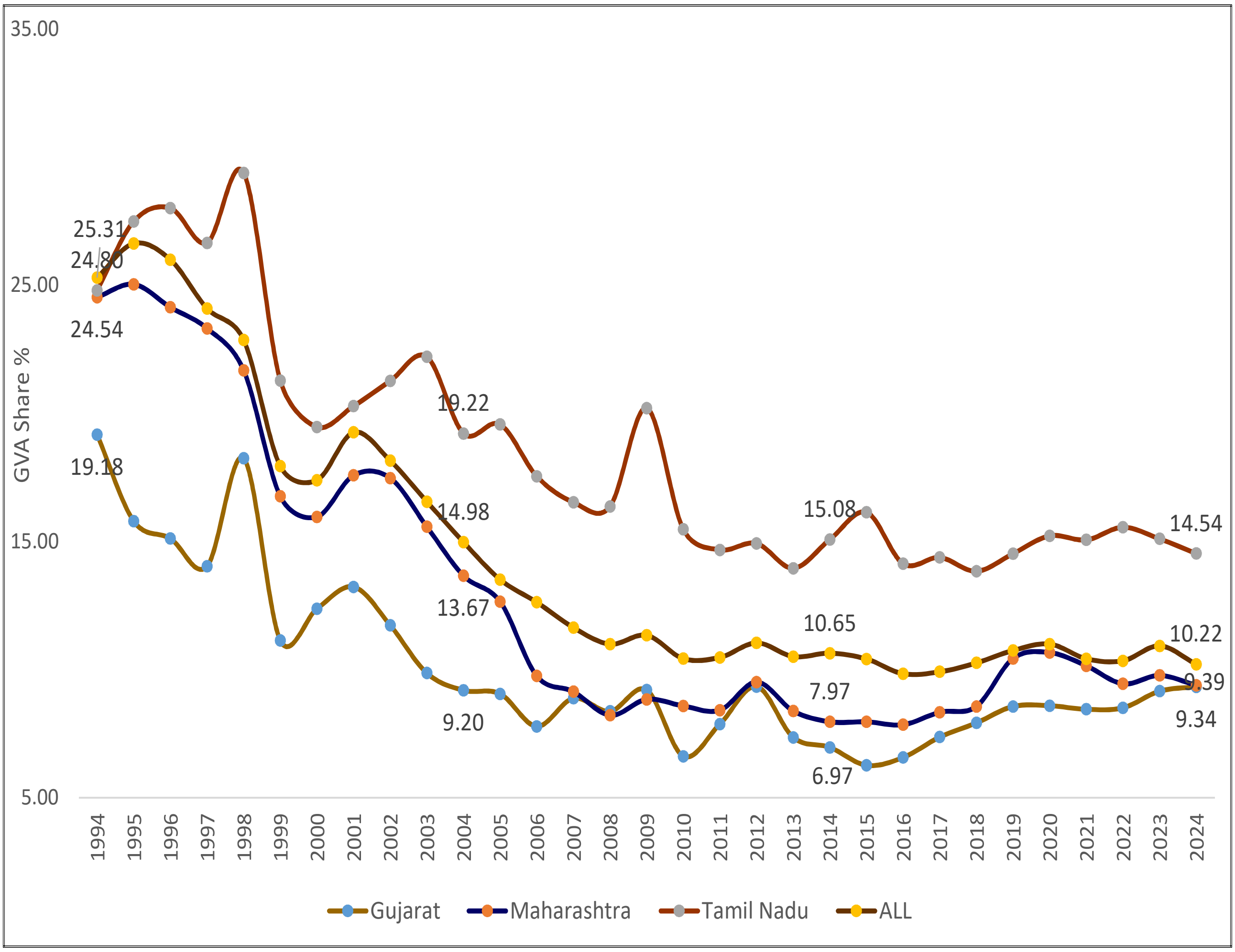
4.3.1 The wage share reflects how much of national value added accrues to labour as opposed to capital. The analysing wage share also reflects the classic concern -whether the return to owning capital exceeds the returns to labour. Similarly, the effect of technology is not neutral between capital and labour. For instance, if productivity gains do not translate into higher wages, this provides insight into the ways in which power dynamics or the nature of technology in the economy translate into differing outcomes, often favouring capital.

4.3.2 The wage share in national income has been falling across the world due to increases in capital intensity as well as a policy regime that privileges labour market flexibility (OECD and ILO[11] 2015). Going by the wage share in organised manufacturing in the state, Tamil Nadu is no exception (see Figure 4.6). In relative terms, however, the state has a higher share of wages in gross value added (GVA) in the factory sector than most states in India. The average wage share in GVA for the period 2014-24 is 15% in the state which is about twice that of Gujarat (8%) and Maharashtra (9%). The share of total emoluments in GVA too is the highest. For instance, the share of emoluments in GVA for the state is 30% while corresponding figures for Gujarat and Maharashtra are 18% and 24% respectively. This higher share accruing to labour in the state can be attributed to two possible factors. First, wage levels are higher because of lower levels of contractualisation[12] and the better bargaining strength of labour. Or, it may have to do more with the changing sectoral composition of manufacturing in the state, with a higher share of labour-intensive sectors. While it is true that the state has a number of labour-intensive sectors like textiles, garments and leather goods, the wage share is higher even in these sectors than in Gujarat or Maharashtra suggesting relatively better bargaining strength in the formal sector. Second, a larger share of workers in the factory sector are directly employed against the prevailing trend of contractualisation in the country. Both of these factors are changing today.

11 International Labour Organization. (2009). Towards an employment strategy for India. ILO.

12 Gopalakrishnan, R. (2015). Labour jurisprudence of the Supreme Court: Recent trends. In K. V. Ramaswamy (Ed.), Labour, employment and economic growth (pp. 292–318). Cambridge University Press.

Figure 4.6: Trends in Wage share in Total GVA over the years



Source: Annual Survey of Industries, 1994-2024

4.4 Industrial shifts

4.4.1 As shown in table 4.3, there has been a marked shift in industrial composition in the state in the last decade (2010-24). The **automobile–transport cluster has further gained at the expense of the labor-intensive industries such as textiles.** The GVA share of motor vehicles, trailers and semi-trailers rises by 2.7 percentage points (from 15.8% to 18.5%), while other transport equipment increased by almost 4 percentagepoints and rubber and plastics products by about 3 percent points. Taken together, these three industries account for roughly a ten-percentage-point increase in GVA share, signaling a further consolidation of Tamil Nadu as an auto and transport-equipment hub with an expanding base of auto component manufacturing.

4.4.2 On the other hand, the share of GVA in textiles declined from 10.9% to 7.0%. This perhaps indicates a shift in value added from upstream textile production to downstream garmenting because the apparel has gained from 4.4% to 7.1% perhaps in export-oriented apparel but losing relative weight in basic textiles. Food products, computers, electronic and optical products, electrical equipment, other manufacturing, coke and refined petroleum products and pharmaceuticals also registered moderate gains in GVA share.

Table 4.3: Shifts in the industry composition of total factory sector in Tamil Nadu, share (%) in total factory sector

NIC	Industry	2010	2024	Change
30	Other transport equipment	1.24	5.18	3.94
22	Rubber and plastics products	2.42	5.39	2.97
14	Wearing apparel	4.36	7.10	2.74
29	Motor vehicles, trailers and semi-trailers	15.82	18.52	2.70
32	Other manufacturing	1.26	3.33	2.08
21	Basic pharmaceutical products and pharmaceutical preparations	0.69	1.81	1.12
19	Coke and refined petroleum products	1.83	2.88	1.05
26	Computer, electronic and optical products	3.55	4.56	1.01
10	Food products	5.21	6.21	1.00
27	Electrical equipment	2.77	3.76	0.99
31	Furniture	0.13	0.33	0.19
12	Tobacco products	0.07	0.19	0.12
16	Wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	0.14	0.23	0.10
17	Paper and paper products	1.83	1.66	−0.17
15	Leather and related products	2.53	2.03	−0.50
20	Chemicals and chemical products	3.84	3.33	−0.51
18	Printing and reproduction of recorded media	1.21	0.48	−0.74
11	Beverages	1.40	0.38	−1.01
24	Basic metals	4.94	3.47	−1.47
23	Other non-metallic mineral products	5.63	3.70	−1.94
13	Textiles	10.86	7.00	−3.86
28	Machinery and equipment n.e.c.	14.69	10.80	−3.89
25	Fabricated metal products, except machinery and equipment	8.31	3.73	−4.58

Source: Annual Survey of Industries, 2023-24.

4.4.3 However, there is a pronounced decline in several intermediate and metal-based industries that are relatively labour intensive. The GVA share of fabricated metal products fell by 4.6 percentage points and machinery and equipment by 3.9 points, while other non-metallic mineral products and basic metals also lost ground. These shifts signal a relative weakening of traditional engineering, metal, and material industries that historically catered to both

domestic construction and capital-goods demand. Further, a few smaller industries also experienced marginal contractions in GVA share, such as printing, beverages, and leather and related products, while very small but fast-growing segments like furniture, wood products, and tobacco products registered small increases from a low base. Labour-intensive industries such as textiles, fabrication, and leather are giving way to the manufacturing of computer and electronic goods, electrical equipment, and rubber and plastics. Fabrication's share has come down from about 8.3% in 2010 to 3.7% in 2023–24, textiles from 10.8% to 7%, while computer and electronic goods have increased from 3.5% to 4.6%. Overall, the pattern indicates a move away from basic metals, machinery, and traditional materials toward transport equipment, pharmaceuticals, plastics, electronics, and apparel, with auto-transport and electrical and electronics emerging as the central drivers of manufacturing value added in Tamil Nadu.

4.5 In-house Training, Skills and R&D

4.5.1 Lack of adequate and up-to-date skilled industrial workers is now widely acknowledged as one of the constraints in revival of manufacturing industries. This is often contrasted with the abundance of IT skills for the outsourcing industry. However, as per ASI data, Tamil Nadu has largest number factories – 2,801, providing in-house formal training to their workers vis a vis 1,931 units in Maharashtra and 1,877 units in Gujarat.

4.5.2 The state has the largest number of factories with an R&D unit (906), slightly ahead of Maharashtra (858) and Gujarat (821) and the R&D expenses incurred by firms in 2023-24 are rupees 1,143 crores while the corresponding figures for Maharashtra and Gujarat rupees 2,243 and rupees 1,814 crores.

Table 4.4: R&D and In-house Training (2023-24)

State	Factories Having a R&D Unit	Factories Providing Formal Training	R & D Expense (Rs. Crore)
Maharashtra	858	1,931	2,242.3
Gujarat	821	1,877	1,814.9
Telangana	291	463	1,212.4
Tamil Nadu	906	2,801	1,143.8
Karnataka	523	1,534	865.5
Uttar Pradesh	314	456	w393.6
Haryana	207	1,035	319.5

Source: Annual Survey of Industries, 2023-24

4.6 Public Sector

4.6.1 Despite the disinvestment drive across India, the state continues to have a significant presence of public sector manufacturing units across heavy engineering, defence, and power equipment. For instance, the state has the largest number of public sector manufacturing units — 163 units, the same as its neighbour Kerala. These are followed by Gujarat (139) and Maharashtra (98). The state also leads in public sector manufacturing employment with 38,876 workers, compared with 20,321 in Gujarat and 26,224 in Maharashtra. In terms of Gross Value Added, the state contributes 5.9% of the national total, while Gujarat accounts for 2% and Maharashtra for 12%.

Table 4.5: State wise Government owned factories, Employees and GVA, 2023-24

State	Government Owned Factories	Employees	Gross Value Added (Rs. Crores)
Tamil Nadu	163 (13.1)	38,876 (10.1)	9,236 (5.9)
Kerala	163 (13.1)	33781 (8.8)	17,801 (11.3)
Gujarat	139 (11.1)	20,320 (5.3)	3,189 (2.0)
Maharashtra	98 (7.9)	26,224 (6.8)	18,863 (12.0)
Chhattisgarh	86 (6.9)	36216 (9.4)	5,203 (3.3)
Karnataka	74 (5.9)	18,705 (4.9)	10,148 (6.4)
West Bengal	63 (5.1)	37,320 (9.7)	12,437 (7.9)
Odisha	60 (4.8)	42,955 (11.2)	17,009 (10.8)
Madhya Pradesh	46 (3.7)	16,842 (4.4)	15,104 (9.6)
Uttar Pradesh	46 (3.7)	21,260 (5.5)	9,675 (6.1)

Note: Figures in parentheses indicate share in total (%).

Source: Annual Survey of Industries, 2023-24

4.6.2 One of interesting features of public sector in the state is its industrial diversification spanning about 25 industries including food products, machinery and equipment, furniture, coke and refined petroleum, electrical equipment, and fabricated metal products while in Gujarat it is largely concentrated on electricity, gas, and fabricated metal products. In Maharashtra, a major public sector industry is electricity and gas, along with electrical equipment manufacturing. In other words, the public sector presence is in 25 industries while they are limited to 15 and 19 industries in Gujarat and Maharashtra, respectively.

4.7 The MSME

4.7.1 As argues earlier, Tamil Nadu's industrial story rests on a simple idea: using state policy to grow both territorially rooted MSMEs and mobile large firms, and then stitching them together so that learning, jobs, and value creation spread across regions. This requires two layers working in tandem. Horizontal interventions—such as physical and social infrastructure, skills, and institutions—raise sets wider context for take-off. Vertical interventions target specific sectors and clusters, recognising agglomeration benefits and the role of place-based industrial estates and SEZs. The growth process thus is socially embedded, implying better jobs and wider spatial distribution, rather than a narrow focus on agglomeration in a few metropolitan centers. Industrialisation in Tamil Nadu thus is relatively more widespread than in other states with similar levels of industrialization such as Maharashtra or Gujarat. Besides the organised large-scale manufacturing sector, the state is known for widely distributed clusters across regions, each specialising in sectors undergirded by MSMEs. Tiruppur has textiles; Coimbatore has pumps and paper; Sivakasi has the match and cracker industry; Karur has vehicle body building; Tiruchengode has the rig industry; Chennai and Hosur host automobile and electronics clusters; and Ambur and Ranipet have leather and leather-related clusters. Apart from historical factors, as stated in the Introduction section ---the diffusion of physical infrastructure such as electricity and transport connectivity, along with the broad-basing of human capital in the 1980s, has made this process possible.

4.7.2 As per the Udyam Portal and the Udyam Assist Platform (UAP), from July 2020 to November 2025, the total number of registered MSMEs in Tamil Nadu stands at 57,86,295, covering both manufacturing and services. Of these, 14,39,196 firms are in manufacturing (24.9%). In 2025–26, up to November, 7.8 lakh new MSMEs were registered under Udyam and UAP. In 2024–25, the number of registered MSMEs was 16.7 lakh. Almost 66% of all registered firms under Udyam or UAP fall under the category of Micro enterprises.

4.7.3 However, mere registration does not reveal the operational characteristics of these enterprises, nor does it allow for differentiation between manufacturing and services. Therefore, this paper relies on NSSO survey data, which are more robust in their estimation, for the analysis. Also, since the factory sector (ASI) does not classify firms by Micro, Small, and Medium categories, but the NSSO's unorganised sector survey does, a common definition was needed for both sectors in terms of the number of employees. To maintain consistency, we use the Mehrotra & Giri (2019[13]) formula to assign the number of workers to each MSME category, enabling the integration of both organised and unorganised sectors to estimate the full universe of MSMEs.

13 Mehrotra, S., & Giri, T. (2019). The size structure of India's enterprises: Not just the middle is missing (CSE Working Paper No. 25). Azim Premji University.

Table 4.6: Definition of Micro, Small and Medium Enterprises

Year / Policy	Classification	Criteria Basis	Micro	Small	Medium
2006: MSMED Act	Manufacturing	Investment in Plant & Machinery	≤ Rs.25 lakh	> Rs.25 lakh – ≤ Rs.5 crore	> Rs.5 crore – ≤ Rs.10 crore
	Services	Investment in Equipment	≤ Rs.10 lakh	> Rs.10 lakh – ≤ Rs.2 crore	> Rs.2 crore – ≤ Rs.5 crore
2020: Atmanirbhar Bharat	Manufacturing & Services (Merged)	Composite: Investment + Turnover	Investment ≤ Rs.1 crore and Turnover ≤ Rs.5 crore	Investment ≤ Rs.10 crore and Turnover ≤ Rs.50 crore	Investment ≤ Rs.20 crore and Turnover ≤ Rs.100 crore
2025: (Effective April 1, 2025)	Manufacturing & Services (Merged)	Composite: Investment + Turnover	Investment ≤ Rs.2.5 crore and Turnover ≤ Rs.10 crore	Investment ≤ Rs.25 crore and Turnover ≤ Rs.100 crore	Investment ≤ Rs.125 crore and Turnover ≤ Rs.500 crore
Present study	Manufacturing	Employment	Less than 10	10-19 Employees	20-99 Employees

4.7.4 The table 4.7 shows the distribution of manufacturing units, employment, and gross value added (GVA) by size class for Tamil Nadu and all India in 2023–24, combining ASI (organised) and ASUSE (unorganised) data. The universe of enterprises in the state is distinctly different from all India trend. The state has about 1.42 million enterprises, of which 1.39 million are located in unorganised sectors. The state has relatively equal proportion of both formal and informal sectors. While substantial enterprises are in the unorganized sector, they are registered with some state's regulatory authorities. For instance, about 40% of total unorganized enterprises are registered in Tamil Nadu as against 16% for all India. The organised factories too double of the share of national average.

Table 4.7: Distribution of Manufacturing units, Employment, and Gross Value Added (GVA) by size class for Tamil Nadu and All India, 2023–24

		Total (ASI + ASUSE)			ASI, 2023-24			ASUSE, 2023-24		
		Units	Employment	GVA (Rs. crore)	Units	Employment	GVA (Rs. crore)	Units	Employment	GVA (Rs. crore)
Tamil Nadu	**Micro**	13,66,069 (96.1)	23,03,439 (40.5)	28,700 (10.3)	5,994 (19.9)	26,006 (0.9)	1,051 (0.4)	13,60,075 (97.7)	22,77,433 (81.6)	27,649 (74.6)
	Small	30,541 (2.1)	3,94,059 (6.9)	8,883 (3.2)	4,696 (15.6)	64,195 (2.2)	2,893 (1.2)	25,845 (1.9)	3,29,864 (11.8)	5,989 (16.2)
	Medium	16,110 (1.1)	5,90,973 (10.4)	27,014 (9.7)	10,620 (35.3)	4,41,919 (15.3)	24,346 (10.0)	5,490 (0.4)	1,49,054 (5.3)	2,667 (7.2)
	Large	8,712 (0.6)	23,93,870 (42.1)	2,15,103 (76.9)	8,501 (28.3)	23,58,876 (81.6)	2,14,353 (88.3)	211 (0.0)	34,994 (1.3)	750 (2.0)

	Total	14,21,679	56,82,341	2,79,699	30,058	28,90,996	2,42,642	13,91,621	27,91,345	37,056
All India	Micro	1,99,71,834 (98.2)	3,01,58,162 (57.3)	3,17,670 (11.7)	41,648 (21.0)	2,15,395 (1.1)	11,825 (0.5)	1,99,30,186 (98.9)	2,99,42,767 (88.9)	3,05,845 (80.4)
	Small	2,03,451 (1.0)	26,48,099 (5.0)	76,334 (2.8)	38,333 (19.3)	5,36,136 (2.8)	35,010 (1.5)	1,65,118 (0.8)	21,11,963 (6.3)	41,324 (10.9)
	Medium	1,19,551 (0.6)	45,64,271 (8.7)	2,53,678 (9.4)	69,703 (35.1)	30,31,488 (16.0)	2,21,976 (9.6)	49,848 (0.2)	15,32,783 (4.5)	31,702 (8.3)
	Large	45,722 (0.2)	1,52,26,541 (28.9)	20,57,050 (76.1)	44,889 (22.6)	1,51,17,519 (80.0)	20,55,597 (88.4)	833 (0.0)	1,09,022 (0.3)	1,453 (0.4)
	Total	2,03,44,460	5,25,97,073	27,04,737	1,98,475	1,89,00,538	23,24,413	2,01,45,985	3,36,96,535	3,80,324

Note: Figures in parentheses indicate share in total (%).

Source: Annual Survey of Industries, 2023-24 and Annual Survey of Unincorporated Enterprises sector, 2023-24

4.7.5 Among MSMEs, Micro units still constitute most establishments (96%). They account for 40.5% of employment and 10.2% of manufacturing GVA. Small and Medium units form about 3.2% of enterprises but account for 17% of employment and about 13% of GVA. Large enterprises across both the factory and unorganised segments account for less than one per cent of establishments but employ about 42% of workers and generate 77% of manufacturing GVA.

4.7.6 The size, employment, and GVA distribution of Tamil Nadu stands out from all India. At the all-India level, Micro units constitute about 98% of establishments and account for 57% of employment and about 12% of GVA. Large units make up just 0.2% of establishments yet employ about 29% of workers and generate over three-fourths of manufacturing GVA.

4.7.7 Within the organised (ASI) segment, this concentration is even sharper: large factories make up about 23% of ASI units, but account for 80% of ASI employment and 88% of ASI GVA, while micro and small factories are numerous but economically marginal. In the unorganised (ASUSE) segment, micro enterprises dominate, accounting for almost all units and close to 90% of employment and 80% of GVA.

4.7.8 In Tamil Nadu's organised sector, large factories form 28% of ASI units but capture 82% of ASI employment and 88 % of ASI GVA, again indicating a large-firm-centred pattern of organised manufacturing. In the unorganised sector, micro enterprises dominate numbers (97.7%), but their shares in employment (81.6%) and GVA (74.6%) are somewhat lower than the all-India averages, with small and medium enterprises playing a significant role. While Tamil Nadu shares the dualism of Indian manufacturing, it still enjoys employment-intensive large, organised factories alongside with substantial number of micro units in the unorganised segment.

4.7.9 Hence, disaggregating the unorganised sector is key to understanding the state's industrial structure. In 2023-24, there were 1.39 million unorganised manufacturing units, of which 5.44 lakh were registered[14]—39.1% of its unorganised enterprises. This is more than twice the national share. Tamil Nadu alone contributes about 16.3% of all registered unorganised manufacturing firms in India, the highest among states. A slightly larger share of unorganised firms in the state is registered under GST (2.37%) compared to the national average (1.62%), signalling a relatively faster movement toward formalisation. As in organised manufacturing, the state stands out in unorganised manufacturing with higher rates of registration and formalisation. While 39% of Tamil Nadu's unorganised enterprises are registered, the corresponding figures for Gujarat and Maharashtra are 26% and 19%.

4.8 Formalising Informal Enterprises

4.8.1 Formalisation of MSMEs is often seen as a necessary step for scaling up and securing access to finance, markets, and infrastructure.[15] For MSMEs intending to scale or raise funds through debt or equity, formalisation is considered essential. It enables access to the banking system, integrates firms into the GST ecosystem as both providers and procurers of services, and allows faster growth. As shown in the table 4.8, Tamil Nadu has been moving toward formalisation within the unorganised sector much faster than India as a whole.

Table 4.8: Percentage of Registered Enterprises in Total Unorganised Manufacturing Enterprises.[16]

Year	Tamil Nadu	India
1999-00	10.8	10.6
2005-06	9.3	9.5
2010-11	22.1	14.2
2015-16	28.9	15.2
2022-23	35.5	16.9
2023-24	39.1	16.5

Source: Annual Survey of Unincorporated Enterprises Sector, 2023-24

14 Sometimes there is confusion between enterprises in the formal/registered sector and those in the informal/unorganised sector. The unorganised sector does not entirely overlap with what is referred to as the unregistered sector.

15 With the introduction of GST, TReDS, MSME Samadhaan, the Accounts Aggregators, the possibilities of supply chain financing by linking GST invoices and the TReDS platform, and enforcement of the MSME Form 1 details (reported to MCA) before invoices end up on Samadhaan, several opportunities have opened up for formalised MSMEs.

16 Here, we define a firm as registered if it falls under any one of the following: the Shops and Establishment Act; the Indian Trust Act, 1882 (including State Public Trust Acts); the Societies Registration Act, 1860; the Co-operative Societies Act, 1912; Club/Association of Persons/Body of Individuals; or any other Act not covered above. This definition also includes firms registered under GST.

4.8.2 In 1999–2000, registered enterprises formed 10.8% of unorganised firms in Tamil Nadu, almost identical to the all-India figure of 10.6%. From 2010–11 onwards, however, the trajectories diverged: the share of registered units in Tamil Nadu rose from 22.1% (2010–11) to 28.9% (2015–16), 35.5% (2022–23), and 39.1% (2023–24). This suggests a strong process of "formalisation from below," with a rising proportion of small, unincorporated enterprises entering the regulatory and fiscal net.

4.8.3 Within the unorganised sector, hired-worker enterprises—distinct from own-account enterprises—are considered more entrepreneurial. They employ non-family labour and exhibit potential for scaling up. Tamil Nadu has the largest number of unorganised hired-worker enterprises among all states and the highest employment in such units. It hosts about 2.73 lakh hired-worker enterprises employing roughly 1.43 million workers. Their gross value added (GVA) is substantial, though slightly below that of Gujarat and Maharashtra. This indicates that the state has a large segment of employment-intensive MSMEs—small but non-subsistence firms that could be targeted for upgrading and eventual graduation into the organised sector.

Table 4.9: State wise Hired Worker Enterprises (HWE) in Manufacturing, 2023-24

State	Hired Worker Enterprises	Workers	Gross Value Added (Rs. crore)
Tamil Nadu	272,651 (11.5)	1,426,743 (12.1)	26,727 (11.5)
Maharashtra	246,875 (10.4)	1,291,045 (10.9)	27,515 (11.8)
Gujarat	235,090 (9.9)	1,516,991 (12.9)	31,962 (13.8)
Uttar Pradesh	228,895 (9.7)	1,182,631 (10.0)	17,876 (7.7)
West Bengal	224,888 (9.5)	983,699 (8.3)	14,853 (6.4)
Karnataka	125,000 (5.3)	584,551 (5.0)	11,532 (5.0)
Rajasthan	123,517 (5.2)	584,713 (5.0)	14,516 (6.3)
Kerala	121,550 (5.1)	605,744 (5.1)	16,629 (7.2)
Andhra Pradesh	106,463 (4.5)	442,001 (3.7)	8,161 (3.5)

Source: Annual Survey of Unincorporated Enterprises Sector, 2023-24

4.9 Formalising Employment

4.9.1 Following the trend in the enterprises, the share of unorganised employment has been declining in the state, as shown in the Table 4.10[17]. The share of unorganised employment in manufacturing fell from about 65% in 2010–11 to 49.1% in 2023–24, while the corresponding figures for all India are 74% to 64%. The share of unorganized employment in Maharashtra has increased from 45.5% in 2010–11 to 56% in 2023-23, but it has declined 1.7 percent points in the very next year. Meanwhile, Gujarat shows a decline in unorganized manufacturing employment[18]. However, at 54.7% of total manufacturing employment, its share remains higher than that of both Tamil Nadu and Maharashtra. This implies that half of Tamil Nadu's manufacturing workforce is now in the organised sector, compared to all India where it is still one –third.

Table 4.10: Unorganised Employment (%)

Year	Tamil Nadu	Gujarat	Maharashtra	India
2010-11	64.9	71.8	45.5	73.9
2015-16	60.1	63.9	56.7	72.4
2022-23	49.3	49.5	56.0	63.2
2023-24	49.1	54.7	54.3	64.1

Source: Annual Survey of Industries and NSSO unincorporated survey various rounds.

4.9.2 There has also been a clear trend toward the concentration of employment in large factories (those employing 100 or more workers). Large factories accounted for about 72% of employment in 2010–11, rising to 82% in 2023–24. The corresponding all-India figures are 73% and 80%. These figures indicate that the "organised turn" in Tamil Nadu is not evenly distributed across firm sizes. Medium and small factories are less central to employment than they were a decade ago. In other words, the state displays a new dual pattern: an expanding group of relatively formalised unorganised enterprises, and a highly concentrated, large-firm-dominated organised sector.

17 Urorganised to organised labour: Thomas and Johny (2018) note that the pattern of employment growth in the manufacturing sector is very different in this recent period compared to the 1990s. Whereas earlier factory employment was comparatively stagnant and employment in the unorganised sector was increasing, the pattern was more or less reversed after 2005. There has been a redistribution of employment away from the unorganised to the organised sector. Thomas, J., & Johny, C. (2018). Labour absorption in Indian manufacturing: The case of the garment industry (Centre for Sustainable Employment Working Paper No. 2018-15).

18 Sen, K., & Das, D. K. (2015). Where have all the workers gone? Economic and Political Weekly, 50(23), 8–10.

Table 4.11: Share of Employment in Large Factories in Total Factory Employment

Year	Tamil Nadu	Gujarat	Maharashtra	India
2010-11	71.9	74.1	72.8	72.6
2016-17	76.1	77.7	77.3	76.1
2022-23	81.7	78.5	83.6	79.1
2023-24	81.6	78.9	84.2	80.0

Source: Annual Survey of Industries

4.10 Financing MSMEs

4.10.1 Despite their spread, productivity and contribution to employment, MSMEs still struggle to sustain and scale up in value chains. The most important constraint is the timely and adequate availability of finance. MSMEs—especially micro enterprises and start-ups—often lack collateral, have limited credit histories, and may not have the capacity to produce the financial statements required by formal lenders. Evidence shows that the cost of credit for MSMEs in all over India, not just in Tamil Nadu, is higher than for international peers, and banks are generally reluctant to lend due to the higher risk associated with limited operating histories and absence of collateral.[19]

Table 4.12: Sources of Credit of MSMEs* 2023-24

	Tamil Nadu (%)	All India (%)
Formal Sources	14.7	10.0
Informal Sources	10.6	7.3
Self-Financing	74.7	82.7

*Enterprises have at least one hired worker included here.

Source: Annual Survey of Unincorporated Enterprises Sector, 2023-24

4.10.2 In the unorganised sector, in 2023-24, about 75% of MSMEs are self-financed in the state, 15% access formal finance, and about 10% rely on informal sources. This is slightly better than the national average, where formal access is about 10% and 90% rely on informal or self-finance. In summary, the overwhelming majority of MSMEs are self-financed. Many argue that a transparent credit-rating system, simplification and reduction in documentation requirements, and interest-rate subvention as essential to sustain and expand the MSME sector

19 https://www.financialexpress.com/industry/sme/msme-fin-collateral-free-loans-to-msmes-by-banks-TN and-nbfcs-nitin-gadkari-assures-msme-of-bank-credit/1971160/

4.11 Sub-regional Entrepreneurship

4.11.1 Another significant aspect is the spatial dimension of industrialization in the state. The enterprises are fairly distributed across sub-regions within the state. Though it is true that western (Coimbatore and Tiruppur regions) and northern (Chennai and Kancheepuram) parts are the most industrialized regions, they are still spatially diverse if one compares with Gujarat and Maharashtra. Each region has certain specific industrial clusters dominated by small scale enterprises and localized entrepreneurship[20]. The automobile cluster in Chennai, the readymade garments and textiles cluster in Tirupur, the steel and power loom cluster in Salem, the automotive and electronics cluster in Hosur, the fireworks cluster in Sivakasi on the back of industrial policies that have prioritized sector-specific manufacturing. (Figure 4.7)

Figure 4.7: Spatial Dimension of Industrialisation in Tamil Nadu

4.11.2 Beside new industries that came up with increased private investment, Tamil Nadu also saw the movement of industries from urban to rural or semi-urban cities[21]. Some of these new, semi-urban cities became growth centres, shifting growth poles from metropolitan centres to small towns accelerating a broad-based urbanisation model with multiple nodes and clusters. We use the Herfindahl–Hirschman Index (HHI)[22] to measure the

20 Damodaran, H. (2017, September 27). How Tamil Nadu's rural industry model can keep farm unrest at bay https://indianexpress.com/article/explained/tamil-nadu-farmers-protests-maratha-protests-patel-protests-kapu-protests-3051642/

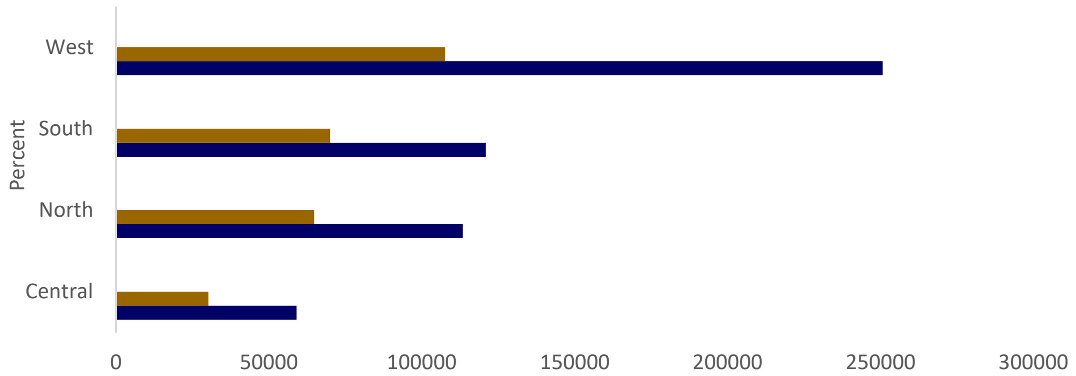
21 Ghani, E., Goswami, A. G., & Kerr, W. R. (2012). Is India's manufacturing sector moving away from cities? (Working Paper No. 12-090). Harvard Business School.

22 Hirschman, A. O. (2013). The passions and the interests: Political arguments for capitalism before its triumph. Princeton University Press.

spatial concentration of industrial activity across districts. The index for the state is 796, compared to 867 in Maharashtra and 1,076 in Gujarat. This indicates that enterprises are relatively better distributed across sub-regions, reflecting a broader spatial spread. The western region accounts for about 40% of all MSMEs and 46% of registered enterprises, while the northern region remains vibrant, accounting for 24% of all MSMEs and 21% of registered units. The southern region has steadily emerged as a site of entrepreneurship, accounting for 26% of all MSMEs and 22% of registered units. The coastal and central regions, known for their agricultural base, continue to function as agrarian enclaves with limited industrial presence, accounting for 11% of units.

4.11.3 There are, however, greater variations within regions than between them. Coimbatore, Tiruppur, Salem, and Erode constitute about 80 % of western-region entrepreneurship, while Chennai, Thiruvallur, Kancheepuram, and Vellore account for about 75% of northern activity, with Viluppuram and Cuddalore remaining relatively backward. In the southern region, Madurai, Virudhunagar, Kanyakumari, and Thoothukkudi account for about 70%, leaving Theni, Ramanathapuram, and Tenkasi behind. In the coastal and central regions, Tiruchirappalli and Thanjavur dominate industrial activity, whereas Perambalur, Ariyalur, and Mayiladuthurai lag.

Figure 4.8: Regional distribution of MSMEs in Tamil Nadu, Registered and Hired Worker Enterprises in Unorganised Sector, 2023-24



	Central	North	South	West
Share of HWEs (%)	11.1	23.8	25.7	39.5
Share of Registered Enterprises (%)	10.9	20.8	22.2	46.1
No.of HWEs	30233	64755	69978	107685
No.of Registered Enterprises	59035	113418	120901	250671

No.of HWEs No.of Registered Enterprises

Source: Annual Survey of Unincorporated Enterprises Sector, 2023-24

4.11.4 A significant but less noticed aspect is therefore its more decentralized nature and more broad-based entrepreneurship. Besides Chennai, most of the regional clusters are known for its agro-commerical based entrepreneurship drawn from middle castes. Many of them are from ordinary peasant and provincial mercantile castes as opposed to big MNC or pan-Indian Bania-Marwari capital as in other regions [23]. While Tamil Nadu along with Gujarat and Maharashtra acquires the badge of most industrialized state in the country, what makes it distinct from the other two is this labour intensive, spatially and socially inclusive nature of industrialization which has drawn a greater share of population out of agriculture.

4.12 Industrial Corridors

4.12.1 Tamil Nadu has two broad kinds of clusters. As UNIDO notes that a well-performing cluster should have strong backward and forward linkages across the value chain and effective connections between firms or MSMEs and the support institutions around them. First, there are MSME clusters built around relatively modern technologies. Examples include the garments cluster in Tiruppur, the poultry and lorry-body-building clusters around Namakkal, and the fireworks, matches, and printing clusters in Sivakasi. The Coimbatore pump industry arose from the region's maturing textile machinery and engineering ecosystem. Proximity to urban hubs, particularly Bengaluru, has shaped cluster formation in places such as Hosur.

4.12.2 Second, there are ancillary MSME clusters supplying to large industries: pressure-vessel ancillaries around BHEL in Tiruchirappalli and the automotive ancillary ecosystem in Chennai – Ambattur and Guindy - around major OEMs. Their production processes and quality systems follow the rigorous standards set by the large industries they supply, and they tend to adopt international best practices earlier.

4.12.3 Tamil Nadu is expanding its network of industrial corridors. Current initiatives include: a) The Tamil Nadu Defence Industrial Corridor, with nodes in Chennai, Tiruchirappalli, Coimbatore, Salem, and Hosur. b) The Chennai–Bengaluru Industrial Corridor (CBIC). c) The Kochi–Coimbatore–Bengaluru Industrial Corridor. d) The Chennai–Kanniyakumari Industrial Corridor, with six nodes spanning Madurai–Dindigul–Virudhunagar–Theni; Thoothukudi–Tirunelveli; Ramanathapuram; Cuddalore–Nagapattinam; Tiruchirappalli–Pudukottai–Sivagangai; and Ariyalur–Perambalur. If the state develops a Coimbatore–Madurai–Rajapalayam–Tenkasi–Tirunelveli Industrial Corridor, nearly every district in Tamil Nadu would fall within the influence zone of at least one corridor. This would deepen industrial integration, strengthen supply chains, and widen the spatial spread of economic activity.

23 Chari, S. (2004). Fraternal capital: Peasant-workers, self-made men, and globalization in provincial India. Stanford University Press

4.12.4 With respect to MSMEs, Tamil Nadu has depth across agro-processing, textiles, auto components, and even robotics. Some of these clusters evolved sui generis. There have also been attempts to support MSMEs by linking them with large firms and academic institutions to enable scaling up, technology access, and productivity improvements. Upgradation of production methods has taken place through vendor development, linkages with large companies, and inter-firm ties, supported by a few standouts public or public–private institutions such as SITARC in pumps and NIFT–TEA for training. However, the methods adopted and their success have been uneven. Some older institutions, such as SITRA and CLRI, have lost momentum, while newer platforms—AMHUB in collaboration with Guidance Tamil Nadu, Tata Technologies' 71 Industry 4.0 centres, and TANSAM with Siemens—aim to rebuild capabilities. Bottlenecks persist in terms of the strength of linkages and success rates. Similarly, initiatives such as FaMe TN, which digitise facilitation and offer subsidies, have made some attempt to reduce transaction costs.

4.12.5 Yet SMEs continue to struggle with market access beyond their regions, input price volatility, rents, the cost of credit, and shortages of skilled labour, all of which squeeze margins and discourage risk-taking. This became evident when tariffs imposed by the Trump administration affected textiles: much of the sector was operating on wafer-thin margins, and even small exogenous shocks were sufficient to push firms out of global value chains.

4.12.6 In this sense, industry–academia collaboration remains weak, cross-sector learning platforms are sporadic, and governance is fragmented across departments. These challenges persist in a context where returns to real estate are higher than those in manufacturing, potentially crowding out productive investment.

4.12.7 There have also been efforts to support new firms. Through TANSIM, the state now has over 10,000 DPIIT-recognised startups, largely concentrated in software rather than manufacturing, supported by a wide network of incubators anchored in academic institutions and spread across five regional hubs. However, public procurement from startups has not taken off, and government departments have not opened demand pipelines. Evidence suggests that for MSMEs, beyond easing credit constraints and improving market access, opening state procurement to startups and creating explicit incentives and capability programmes for local sourcing and value-chain upgrading would go a long way.

4.13 Conclusions

4.13.1 Tamil Nadu remains a leading centre of industrialisation in India, shaped by sustained industrial policy, institutional capacity, and political commitment. The state has built a diversified manufacturing base spanning traditional and high-technology sectors and geographically distributed across regions through the coexistence of territorially

embedded MSMEs and large domestic and multinational firms. This ecosystem has integrated local production systems into global value chains and enabled the state to account for roughly one out of every seven factory jobs in the country.

4.13.2 Despite rising capital intensity, Tamil Nadu continues to exhibit relatively labour-intensive industrialisation compared with states such as Gujarat and Maharashtra, reflected in deeper MSME formalisation, comparatively higher wage shares, and lower levels of contractualisation. It also hosts a large concentration of factories with R&D and training facilities and maintains a significant public-sector presence in manufacturing, while the state has actively facilitated investment and mediated industrial relations. Together, these features underscore a distinctive trajectory in which industrial expansion has been embedded within institutional support and a social-development orientation.

4.13.3 Nonetheless, structural pressures are becoming increasingly visible. Relative to its own historical trajectory, contractualisation has risen, wage shares have declined, and employment elasticity has weakened as capital deepening accelerates. MSMEs—particularly own-account and unregistered enterprises—are losing ground, and many traditional labour-intensive clusters face survival challenges without pathways for technological and organisational upgrading. 4.13.4 Persistent skill deficits and limited absorptive capacity constrain learning within firms and policy institutions even as global integration intensifies, while manufacturing and services have expanded in parallel rather than through mutually reinforcing linkages. Addressing these challenges requires reorienting industrial growth toward employment generation and learning through MSME revitalisation, cluster upgrading, skill formation, and stronger manufacturing–services integration, while preserving regulatory commitments that have historically anchored Tamil Nadu's socially grounded industrial development.

Chapter 5

Agriculture

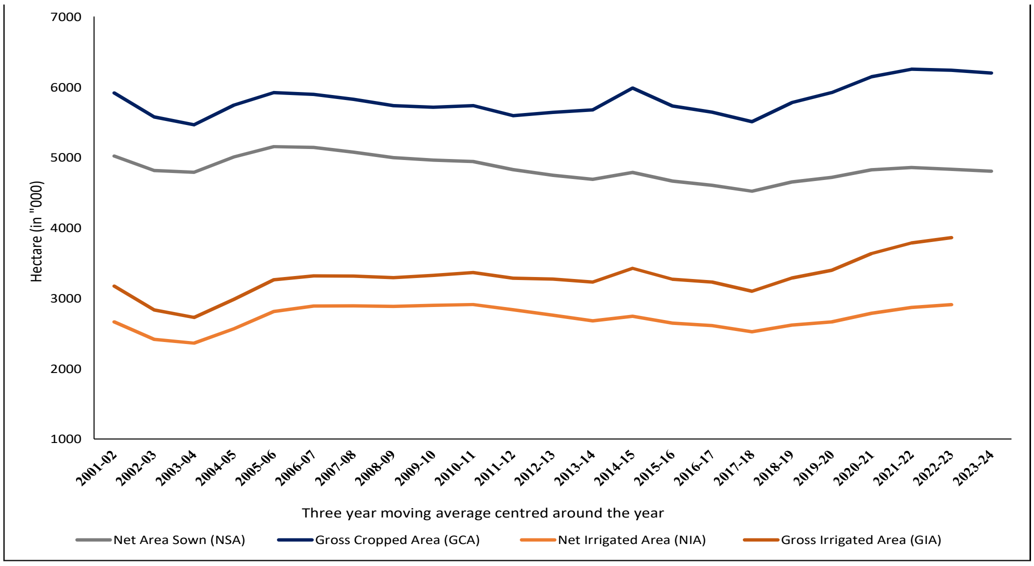
5.1 Introduction

5.1.1 Tamil Nadu's agricultural sector while being relatively more modernized and more commercialized compared to other parts of India is losing its importance as a major source of sustenance for the rural households, due to the growth of non-farm employment in a significant way in the rural areas of the state. Further, the internal composition of the agricultural sector has experienced major changes wherein the importance of the crop sector has declined and that of the livestock sector has increased with respect to the gross value added in agriculture. This chapter maps changes in the agricultural sector over the last two decades considering the relatively low growth of the sector in the last couple of years. To begin with, the changes in land use are examined.

5.2 Land Use Classification

5.2.1 The land use classification of Tamil Nadu over two decades, from 2001-02 to 2023-24[1], indicates some important changes (see Figure 5.1 and Table 5.1)**:**

Figure 5.1: Area Under Irrigation and Area Under Crops, 2001-02 to 2023-24*



Source: Department of Economics and Statistics GoTN, various years

1 Unless specified all reference years in this chapter denote the value for triennium centered around the given year.

*Definitions:

1. Gross Cropped Area represents the total area sown once and/or more than once in a particular year, i.e., the area is counted as many times as there are sowings in year. This total area is also known as total cropped area or total area sown.
2. Net Sown Area represents the total area sown with crops and orchards. Area sowed more than once in the same year is counted only once.
3. Gross Irrigated Area is the total area under crops, irrigated once and/or more than once in a year. It is counted as many times as the number of times the areas are cropped and irrigated in a year.
4. Net Irrigated Area is the area irrigated through any source once in a year for a particular crop.

Table 5.1: Land Use Classification, Tamil Nadu, 2001-02 to 2023-24

Three year moving averages centred around the year	Classification of Total Geographical Area by Use, in Percentages												
	Land under Forest	Barren and Uncultivable land	Cultivable land	Permanent pastures and other grazing land	Land put to Non-agricultural uses	Current Fallows	Other Fallows	Total Fallows (7+8)	Land under misc. tree crops and other groves not included in the NSA	Net Sown Area	Area sown more than once	Gross Cropped Area	Total Geographical Area
2001-02	16.41	3.67	2.89	0.92	15.39	9.40	10.59	19.99	2.06	38.66	6.90	45.56	100.00
2006-07	16.18	3.83	2.74	0.85	16.55	6.77	11.54	18.31	2.06	39.49	5.78	45.27	100.00
2011-12	16.31	3.75	2.53	0.84	16.73	8.41	12.46	20.87	1.93	37.04	5.11	42.92	100.00
2016-17	16.55	3.51	2.47	0.83	16.89	8.55	14.09	22.64	1.77	35.34	7.96	43.31	100.00
2021-22	16.55	3.51	2.61	0.83	16.93	6.61	14.26	20.87	1.42	37.29	10.70	47.99	100.00
2023-24	16.55	3.51	2.70	0.83	16.94	6.92	14.36	21.28	1.32	36.88	10.69	47.58	100.00

Source: Department of Economics and Statistics GoTN, various years[2]

5.2.2 First, out of a total geographical area of roughly 1.3 crore hectares, land under non-agricultural uses has showed an increase of 2 lakh hectares, that is from 15% of the geographical area in triennium centred around 2001-02 to 17% in 2023-24; second, the net sown area (NSA) has declined by an almost equivalent volume of land, 2 lakh hectares, declining at an annual compound growth rate of -0.2% over this period; however, the gross cropped area (GCA) has registered an increase because the intensity of cropping has registered a growth with area cropped more than once growing at an annual compound growth rate of 2%. Third, while current fallows have shown a decline, other fallows have shown an increase from 11% to 14% of geographical area. Total fallows have therefore registered an increase. All in all, while there has been a tendency to withdraw land from cultivation since 2001-02 there has also been a simultaneous tendency to intensify cultivation in cropped area, in Tamil Nadu. Next, the inter-district differences in cropping intensity are mapped (Table 5.2).

2 Statistical Hand Book of Tamil Nadu. (Various years). Department of Economics and Statistics, Government of Tamil Nadu.

Table 5.2: Cropping Intensity across Districts of Tamil Nadu, 2024-25

S.No	Name of the District	Gross Cropped Area (in Ha)	Net Sown Area (in Ha)	Cropping Intensity
1	Mayiladuthurai	1,69,018	73,184	2.31
2	Thiruvarur	2,77,409	1,55,836	1.78
3	Thiruvallur	1,51,560	89,430	1.69
4	Nagapattinam	1,15,608	72,001	1.61
5	Dharmapuri	2,62,551	1,68,841	1.56
6	Thanjavur	2,98,503	1,94,736	1.53
7	Salem	3,12,297	2,04,892	1.52
8	Cuddalore	3,16,892	2,11,703	1.50
9	Kancheepuram	61,096	41,283	1.48
10	Krishnagiri	2,49,251	1,68,705	1.48
11	Kallallurichi	2,25,571	1,53,447	1.47
12	Thiruvannamalai	3,35,374	2,27,961	1.47
13	Ranipet	79,082	54,339	1.46
14	Namakkal	2,20,967	1,54,239	1.43
15	Chengalpattu	84,559	66,090	1.28
16	Villupuram	2,37,724	1,85,537	1.28
17	Vellore	67,422	53,539	1.26
18	Thirupathur	83,482	66,184	1.26
19	Ariyalur	1,20,541	97,176	1.24
20	Tirunelveli	79,168	65,813	1.20
21	Tiruchirapalli	1,74,085	1,50,958	1.15
22	Tenkasi	1,35,779	1,18,363	1.15
23	Chennai	399	349	1.14
24	Erode	1,76,480	1,56,642	1.13
25	Madurai	1,36,378	1,21,714	1.12
26	Perambalur	1,10,530	1,00,062	1.10
27	Theni	1,13,340	1,03,152	1.10
28	Kanyakumari	79,120	72,910	1.09
29	Pudukottai	1,46,440	1,36,148	1.08
30	Karur	87,020	80,982	1.07
31	Coimbatore	1,67,866	1,59,043	1.06
32	Virudhunagar	1,41,650	1,33,263	1.06
33	The Nilgiris	75,720	72,321	1.05
34	Dindigul	2,22,552	2,16,306	1.03
35	Ramanathapuram	1,92,251	1,86,584	1.03
36	Thiruppur	1,94,972	1,90,360	1.02
37	Sivagangai	1,10,179	1,08,812	1.01

S.No	Name of the District	Gross Cropped Area (in Ha)	Net Sown Area (in Ha)	Cropping Intensity
38	Thoothukudi	2,12,171	2,10,023	1.01
	Tamil Nadu	**62,25,037**	**48,26,529**	**1.29**

Source: Department of Economics and Statistics, GoTN, 2024-25[3]

5.2.3 Fourteen out of the 38 districts have a cropping intensity that is above the state average of 1.29 in 2024-25. Mayiladuthurai has the highest cropping intensity with 2.31, followed by another district in the Cauvery delta zone, namely, Tiruvarur at 1.78. The high cropping intensity indicates the higher extent to which cultivable land is utilized for multiple crops in these areas**.** Tamil Nadu's cropping intensity is however lower than states such as Punjab and Haryana that records a cropping intensity of 2. But Tamil Nadu's cropping intensity is similar to its neighbouring states of Karnataka and Kerala while Telangana has a much higher cropping intensity at 1.5 and Andhra Pradesh lower at 1.2.[4]

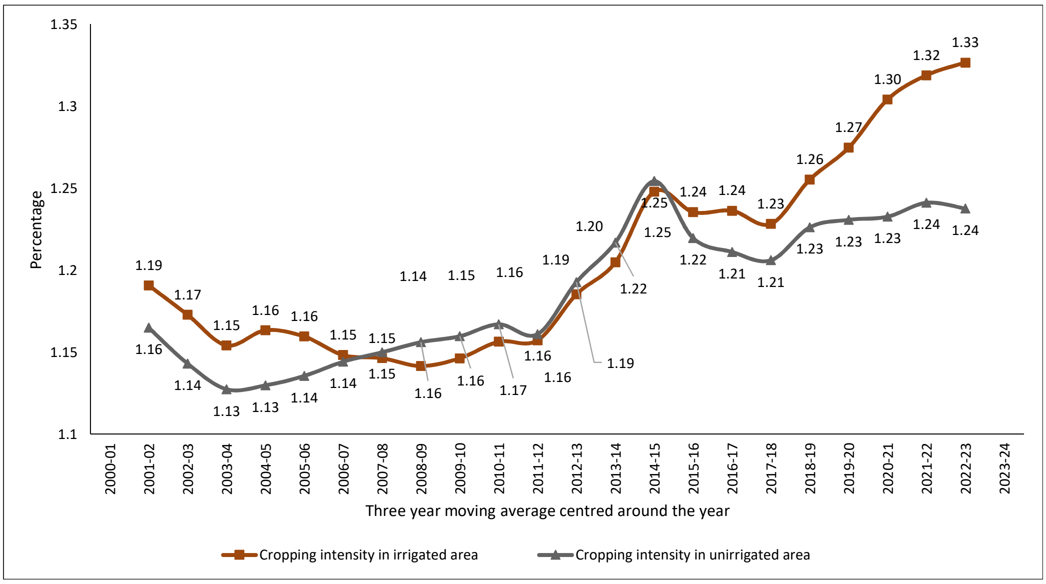
5.3 Status of Irrigation

5.3.1 Over the two decades since 2001-02, the net irrigated area (NIA) has fluctuated and has grown (see Table 5.3)**.** There appears to be stagnancy with regard to the irrigation potential that is tapped for cultivation over the two decades under consideration. We have noted above that net sown area has registered a decline over 2001-02 to 2022-23 but the gross cropped area has registered a positive growth. This pattern of growth suggests that the incidence of irrigation is more or less the same with respect to net and gross area. In the triennium centred around 2001-02 the percentage of NSA irrigated is 53% while the percentage of GCA irrigated is also around the same. This has been the situation throughout the two decades under consideration. This pattern suggests that the cropping intensity may not be very different between the irrigated and unirrigated tracts in Tamil Nadu. As can be seen from table 5.3 and figure 5.2, the cropping intensity between irrigated and unirrigated area is not vastly different except in the last triennium. This is perhaps a reflection of the stability (or stagnancy) that has been achieved with regard to irrigation and cropping intensity in the recent decades. This could also be a reflection of the poor quality of irrigation that restricts rapid growth of area cropped more than once in the irrigated regime or the adequacy of rainfall that permits double cropping in rain-fed regions.

3 Department of Economics and Statistics. (2024-25). Tamil Nadu Agriculture Crop Area and Production: An overview. Department of Economics and Statistics, Government of Tamil Nadu.

4 Reserve Bank of India. (2025). State-Wise Pattern of Land Use - Cropping Intensity, Hand Book of Statistics on Indian states, Reserve Bank of India.

Figure 5.2: Cropping Intensity, 2001-02 to 2022-23



Source: Department of Economics and Statistics GoTN, various years

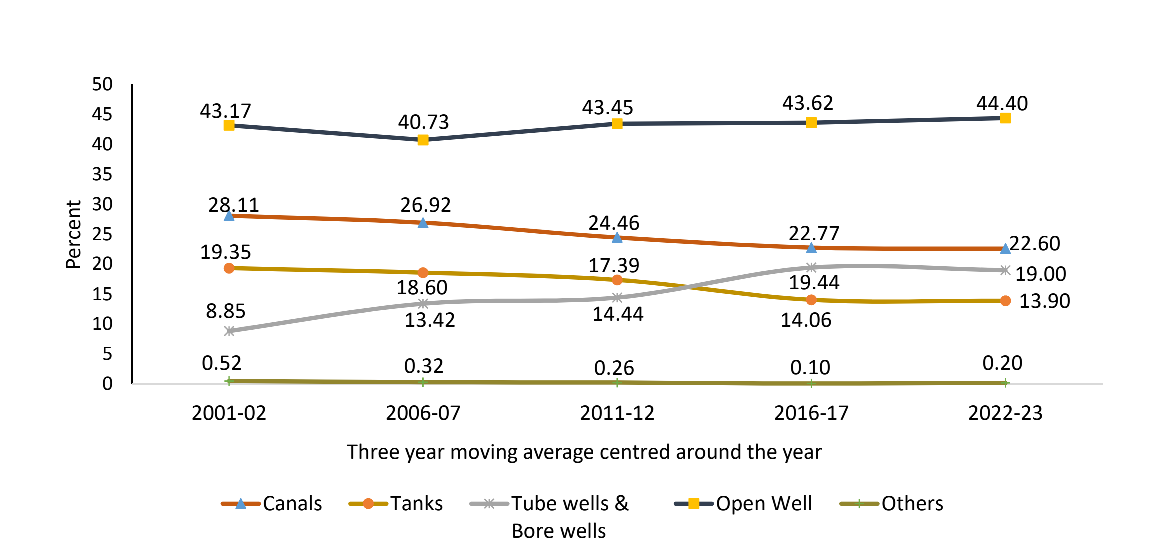
Table 5.3: Area under Cultivation and Irrigation, Tamil Nadu, 2001-02 to 2022-23

Three year moving averages centred around the year	Net Sown Area (in '000 ha)	Gross Cropped Area (in '000ha)	Net Irrigated Area (in '000ha)	Gross Irrigated Area (in '000ha)	Index of Growth				Percentage of NSA irrigated	Percentage of GCA irrigated	Overall Cropping Intensity (GCA/NSA)	Cropping Intensity in Irrigated Area (GIA/NIA)	Cropping Intensity in Unirrigated Area
					Net Sown Area	Gross Cropped Area	Net Irrigated Area	Gross Irrigated Area					
2001-02	5,022	5,918	2,666	3,175	100	100	100	100	53.10	53.64	1.18	1.19	1.16
2006-07	5,144	5,897	2,891	3,319	102	100	108	105	56.20	56.29	1.15	1.15	1.14
2011-12	4,828	5,594	2,840	3,286	96	95	107	104	58.82	58.74	1.16	1.16	1.16
2016-17	4,606	5,644	2,615	3,233	92	95	98	102	56.77	57.27	1.23	1.24	1.21
2021-22	4,860	6,255	2,872	3,787	97	106	108	119	59.09	60.55	1.29	1.32	1.24
2022-23	4,834	6,242	2,912	3,863	٩٦	105	109	122	60.24	61.89	1.29	1.33	1.24

Source: Department of Economics and Statistics, GoTN, various years

5.3.2 The data on rainfall for the years 2001-02 to 2023-24 provided by the Department of Economics and Statistics, GoTN, for Tamil Nadu indicates that the actual rainfall is higher than normal rainfall in 15 years out of 23 years considered**.** Further exploration is required to understand if this rainfall pattern underlies high cropping intensity in the unirrigated tract of Tamil Nadu. While the net irrigated area has not experienced much change over the two decades since 2001-02, there are considerable changes with regard to sources of irrigation (see Figure 5.3).

Figure 5.3: Sources of Irrigation, 2001-02 to 2022-23



Source: Department of Economics and Statistics GoTN, various years

5.3.3 Wells remain the most important source of irrigation in Tamil Nadu and its importance has further increased steadily. Nearly half the irrigated area in Tamil Nadu in 2001-02 was irrigated by wells and this increased to 63% in 2022-23. Increase in area irrigated by wells over the last two decades have come about essentially by an increase in tube well and bore well irrigation. Area under tube and bore well irrigation increased to cover irrigating 2.3 lakh hectares to 5.5 lakh hectares. There were 2.6 lakh tube wells in Tamil Nadu in 2022-23 and about 99 % of these tube wells are energised by electricity. As regards surface sources such as canals and tanks, area irrigated by these sources have declined sharply since 2006-07 and the percentage of net irrigated area by surface sources have also registered a decline. Area irrigated by canals has declined by more than 90000 hectares while area irrigated by tanks has declined by 1.1 lakh hectares over the two decades under consideration.

5.4 Cropping Pattern

5.4.1 Cropping pattern of Tamil Nadu has been dominated by food crops, and this pattern has got further accentuated over the two decades under consideration. In 2001-02, 72% of the gross cropped area was under food crops and 28% was under non-food crops and this pattern changed to 78% under food crops and 22% under non-food crops by 2023-24 (see Table 5.4 and Figures 5.4, 5.5 & 5.6).

Table 5.4: Area under Principal Crop Groups, Tamil Nadu, 2000-01 to 2023-24

Three year moving averages centred around the year	Percentage of Gross Cropped Area under Principal Crop/Crop Groups								
	Cereals	Pulses	Food Grains	Spices and Condiments	Fruits	Vegetables	Sugarcane	Food Crops	Non-Food Crops
2001-02	44.0	10.9	54.9	2.8	5.4	3.3	5.1	71.7	28.3
2006-07	44.7	9.4	54.2	2.4	6.4	4.0	6.1	73.3	26.7
2011-12	43.0	10.8	53.8	2.7	7.0	3.7	6.0	73.5	26.5
2016-17	45.7	14.7	60.5	2.1	6.4	3.6	3.8	76.6	23.4
2021-22	49.1	13.2	62.3	2.0	6.4	5.1	2.2	78.0	22.0
2023-24	49.8	12.0	61.8	-	-	-	2.4	78.2	21.8

Source: Department of Economics and Statistics, GoTN, various years

Figure 5.4: Area under Cereals as a Percentage of Area under Total Food Grains, 2001-02 to 2023-24

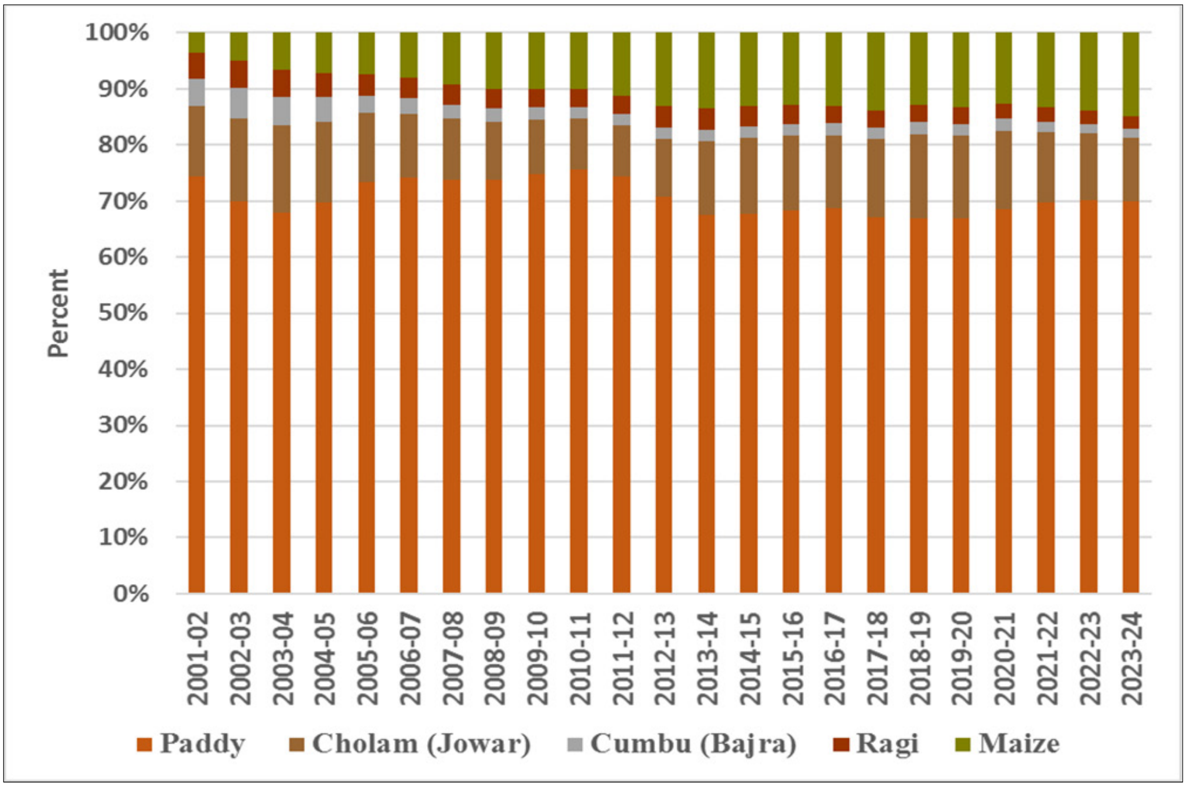
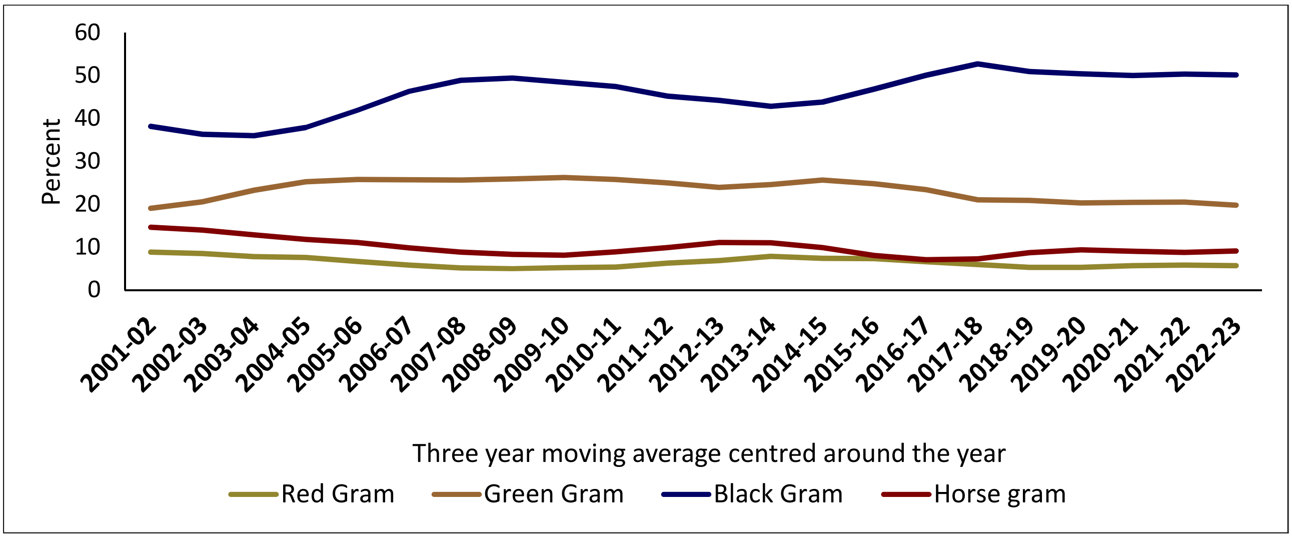
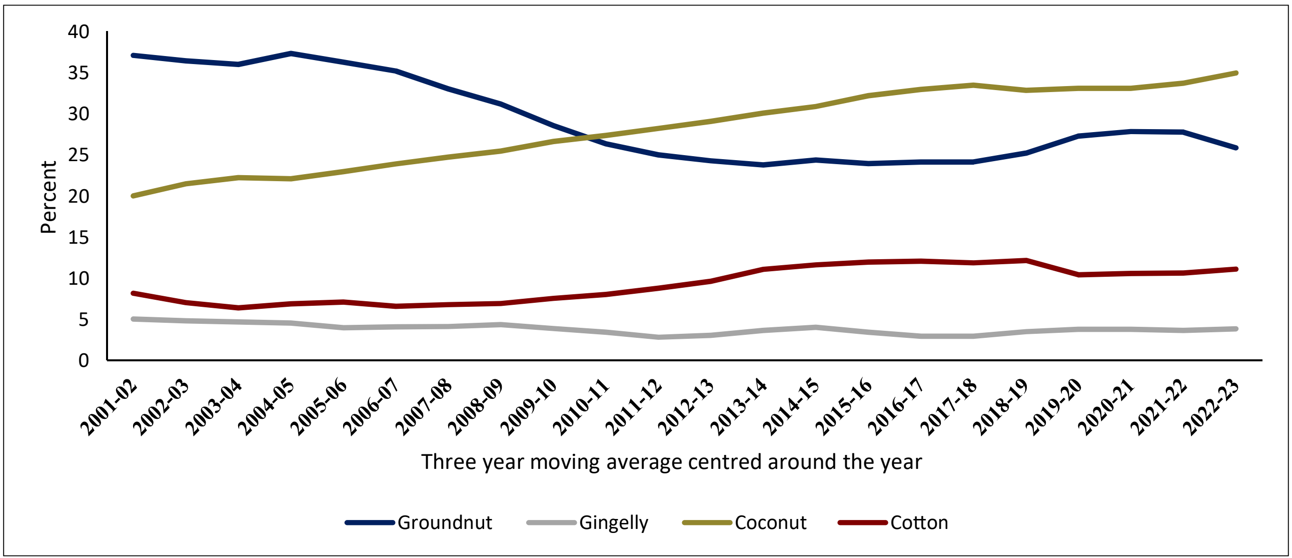


Figure 5.5: Area under Pulses as a Percentage of Area under Total Food Grains 2001-02 to 2023-24



Source: Department of Economics and Statistics, GoTN, various years

Figure 5.6: Percentage of Non-Food Crop Area Under Different Principal Crops 2001-02 to 2023-24



Source: Department of Economics and Statistics, GoTN, various years

5.4.2 The increase in area under food crops has essentially come about by an increase in area under cereals, pulses, fruits and vegetables while food crops such as sugarcane, spices and condiments have lost area over the two decades under consideration.

5.4.3 Paddy, cholam, maize, cumbu and ragi are the major cereals in Tamil Nadu with paddy being the most predominant cereal in terms of area under cultivation. While paddy accounted for 72.4 % of total area under cereals in 2001-02, this declined to 69.3% in 2023-24. However, absolute area under paddy cultivation increased from 18.8 lakh hectares in

2001-02 to 21.3 lakh hectares in 2023-24, an addition of 2.5 lakh hectares over the 22 years. Area under cholam remained more or less the same occupying 12.4% of total cereals area in 2001-02 and 11.3% in 2023-24. Importance of cumbu and ragi declined over the two decades from 5% of total cereal area to about 2% of total cereal area. Within cereals, the crop that has experienced rapid growth has been the maize crop, growing at an annual compound growth rate of 7.5% over 2001-02 to 2023-24. Area under maize has increased by 3.6 lakh hectares from less than one lakh hectare in 2001-02, primarily because of its demand as poultry feed. All other cereal crops such as cumbu, ragi, kora, varagu, samai have seen an absolute decline in area under cultivation over the period 2001-02 to 2023-24.

5.4.4 Analysing the district wise cultivation of paddy, it is clear that while paddy is grown in all the districts of Tamil Nadu, the major contribution to area and production of paddy come from the delta districts of Thanjavur, Thiruvarur, Mayiladuthurai and Cuddalore, in 2023-24. However, Thiruvannamalai district accounting for 9% of paddy area has emerged as an important centre of paddy production contributing 10% of paddy production of Tamil Nadu which is equivalent to the production contribution from Thanjavur district. Tiruvannamalai district is also in the forefront with regard to yield of paddy per hectare with a yield of 3885 kg/ha, much higher than what is reported from the delta districts. Paddy yield is however the highest in Tirunelveli district that accounts for 2% of paddy production. The emergence of Thiruvannamalai and Thiruvallur as major paddy growing regions is suggestive of successful adoption of appropriate seeds and irrigation technologies for growth.

Table 5.5: Area, Production and Yield of Paddy across the Districts of Tamil Nadu, 2023-2024

S.No	Name of the District	Area under Paddy (in Ha)	Percentage of Area under Paddy	Production of Paddy (inTonnes)	Percentage of Paddy production	Yield rate (in Kg/Ha)
1	Thanjavur	2,09,732	10	7,22,149	10	3,443
2	Thiruvannamalai	1,84,925	9	7,18,455	10	3,885
3	Thiruvarur	2,24,312	11	6,60,976	9	2,947
4	Cuddalore	1,42,753	7	4,89,078	7	3,426
5	Thiruvallur	1,03,648	5	3,48,815	5	3,365
6	Villupuram	92,158	4	3,39,803	5	3,687
7	Mayiladuthurai	1,07,517	5	3,19,379	5	2,970
8	Pudukottai	95,910	5	2,92,628	4	3,051
9	Ramanathapuram	1,40,147	7	2,87,832	4	2,054
10	Nagapattinam	89,707	4	2,42,846	3	2,707
11	Kancheepuram	54,241	3	2,29,485	3	4,231
12	Chengalpattu	58,370	3	2,25,479	3	3,863

13	Kallallurichi	58,103	3	2,22,653	3	3,832
14	Ranipet	49,724	2	1,96,335	3	3,948
15	Sivagangai	79,284	4	1,85,073	3	2,334
16	Tiruchirapalli	44,530	2	1,70,773	2	3,835
17	Tirunelveli	38,648	2	1,70,292	2	4,406
18	Madurai	10,841	1	1,54,657	2	3,787
19	Tenkasi	41,771	2	1,43,897	2	3,445
20	Krishnagiri	29,183	1	1,28,063	2	4,388
21	Erode	24,067	1	95,877	1	3,984
22	Dharmapuri	22,421	1	92,670	1	4,133
23	Virudhunagar	31,124	1	88,195	1	2,834
24	Ariyalur	22,837	1	82,554	1	3,615
25	Salem	15,897	1	67,615	1	4,253
26	Theni	13,442	1	57,732	1	4,295
27	Dindigul	13,668	1	49,447	1	3,618
28	Kanyakumari	11,218	1	45,072	1	4,018
29	Vellore	10,053	0	37,144	1	3,695
30	Thoothukudi	13,767	1	36,428	1	2,646
31	Thiruppur	8,147	0	34,986	0	4,294
32	Karur	8,805	0	29,797	0	3,384
33	Thirupathur	7,626	0	29,794	0	3,907
34	Perambalur	6,903	0	28,224	0	4,089
35	Namakkal	5,579	0	22,145	0	3,969
36	Coimbatore	365	0	1,235	0	3,384
37	Chennai	95	0	305	0	3,211
38	The Nilgiris	78	0	24	0	3,128
	Tamil Nadu	**21,01,596**	**100**	**70,48,135**	**100**	**3,354**

Source: Department of Economics and Statistics, GoTN

Box 5.1 Cropping Pattern in Tamil Nadu 2024-2025: An Overview

Though Tamil Nadu's agriculture remains predominantly paddy-centric, horticulture has expanded steadily, covering 16.3 lakh ha, while maize and other high-value crops are increasingly grown in both rainfed and irrigated regions. To support this transition, the state implements crop support and procurement incentives for paddy, promotes millets, pulses, and horticulture through subsidies, improved seeds, and technology support, and invests in micro-irrigation, tank/canal desilting, watershed management, and other water-conservation measures. Crop insurance schemes with state subsidies mitigate climate-related risks, while value-chain and market interventions, including FPO strengthening, cold storage, and processing facilities, ensure better returns. Extension services and digital advisories facilitate climate-smart and high-value crop cultivation, reinforcing sustainability and farmer resilience.Overall, Tamil Nadu's cropping pattern reflects a gradual but decisive shift from paddy dominance toward diversified, water-efficient, and economically rewarding crops, supported by a combination of climate adaptation strategies and market-oriented policies.

5.4.5 Black gram and green gram are the most important pulses in Tamil Nadu and area under pulses has experienced a positive growth over the 22 years under consideration. All other pulses-Bengal gram, red gram and horse gram-have experienced an absolute decline in area under cultivation over the two decades since 2001-02. In 2001-02, just about 8% of area under pulses was under irrigation and this changed to 14% in 2021-22.

5.4.6 Area under fruits increased from 3.2 lakh hectares in 2001-02 to 4 lakh hectares in 2022-23. Mango and banana are the two most important fruit crops in Tamil Nadu and the area under these two crops have grown steadily over the two decades at an annual compound growth rate of 1.4%. Guava, pineapple, jack fruit and 'other fruits' have also registered an increase in area under cultivation during this period.

5.4.7 Area cultivated with vegetables has increased rapidly from 1.9 lakh hectares in 2001-02 to 3.1 lakh hectares in 2022-23, growing at an annual compound growth rate of 2.3%. While tapioca, onion and tomato remain the three most important vegetables in Tamil Nadu, over the two decades many other vegetables have gained importance such that area under 'other vegetables' has increased more than threefold from 25000 hectares to 90000 hectares.

5.4.8 Area under sugarcane has nearly halved from 2.9 lakh hectares in 2001-02 to 1.3 lakh hectares in 2024-25. Area under spices and condiments has also registered a decline of 40000 hectares, from 1.6 lakh hectares in 2001-02 to 1.2 lakh hectares in 2022-23. As regards non-food crops, groundnut, coconut, cotton and gingelly are the important crops in Tamil Nadu. Area cultivated with coconut has increased over the two decades from 3.3 lakh hectares to 4.7 lakh hectares. Area under cotton has remained more or less stable while groundnut and gingelly have lost area rapidly. In sum, over the two decades since 2001-02, area under paddy, maize, fruits, vegetables and coconut have increased while sugarcane, groundnut and coarse cereals (other than maize) have lost out.

5.5 Growth in Yields of Major Crops

5.5.1 Over the time 2001-02 to 2023-24, the yield of maize has grown at a high rate of 6.26% (Table 5.6). Paddy's yield has registered only a modest growth however. The same holds true of pulses as well. This calls for policy attention given the decline in the total area under cultivation.

Table 5.6: Yield Performance of Food Grains, Tamil Nadu, 2001-02 to 2023-24

S.No	Variables	Annual Compound Growth Rate in percentages for various Crops			
		Paddy	Maize	Pulses	Food Grains
1	Yield	0.50	6.26	1.54	1.53

Source: Department of Economics and Statistics, GoTN, various issues

Table 5.7 : Yield performance of Non- Food Grains, Tamil Nadu, 2001-02 to 2023-24

S.No	Variables	Annual Compound Growth Rate in percentages for various Crops			
		Sugarcane	Coconut	Groundnut	Cotton
1	Yield	-0.28	1.49	1.77	1.33
2	Production	-3.43	3.12	-1.18	0.99

Note: Growth rates for Coconut refers to the period 2001-02 to 2021-22

Source: Department of Economics and Statistics, GoTN, various issues

5.5.2 Despite the increase in area under cultivation, yield of sugarcane has registered a negative growth rate (Table 5.7). The yield of coconut, cotton and groundnut have registered modest increases. Coconut is however the only non-food crop that has registered a positive rate of growth in area, yield and production.

Table 5.8: Yield Performance of Fruits, Tamil Nadu, 2001-02 to 2023-24

	Annual Compound Growth Rate in percentages for various Fruit Crops								
	Banana	Mango	Jackfruit	Pine Apple	Guava	Grapes	Orange	Lemon	Cashewnut
Yield	0.08	-1.29	1.81	0.32	1.78	2.2	-0.66	5.95	-0.47

Source: Department of Economics and Statistics, GoTN, various issues

5.5.3 Table 5.8 indicates that the two major fruit crops of Tamil Nadu, banana and mango, have done poorly in terms of productivity growth over the two decades under consideration since 2001-02. While banana has registered a low, positive growth in productivity mango has experienced a negative rate of growth in productivity. These again require policy attention. Lemon, grapes, jackfruit and guava have all registered fairly high growth in productivity resulting in high increases in production of these fruits.

5.6 Use of Inputs by Agricultural Households

5.6.1 Use of chemical fertiliser, NPK, per unit of gross cropped area has increased over the two and a half decades under consideration from about 152 Kg per hectare of gross cropped area in 2000-01 to nearly 183 Kg per hectare of gross cropped area in 2024-25 (see table 5.9**).** While the use of nitrogen and phosphorous have increased over the years, that of potassium has declined over the two and a half decades since 2000-01. The survey conducted in 2018-19 by the National Sample Survey Organisation on the agricultural households notes that in Tamil Nadu, bio-inputs are used by a considerable section of agricultural households: 20% of agricultural households report use of bio-fertilisers, 10% report use of bio-pesticides while 46% use manure. Further, during 2018 Kharif season, 77% of agricultural households procured paddy seeds from the local market, while the corresponding percentage for maize was 97% and groundnut 70%[5]. This report further notes that all the major agricultural inputs, except manure are procured from the local markets and sale of produce also happen essentially in the local markets.

Table 5.9: Fertiliser Use in Tamil Nadu, 2000-01 to 2024-25[6]

Year	Total Nitrogen (N) (Kg/ha of GCA)	Total Phosphorous (P) (Kg/ha of GCA)	Total Potassium (K) (Kg/ha of GCA)	Total Fertiliser use (N+P+K) (Kg/ha of GCA)
2000-01	86	33	33	152
2001-02	81	33	37	151
2002-03	81	29	33	143
2003-04	71	30	33	134
2004-05	82	36	44	162
2005-06	93	42	47	182
2006-07	100	46	46	193
2007-08	93	39	52	185
2008-09	111	44	62	217
2009-10	109	47	58	215
2010-11	112	49	53	214
2011-12	116	54	45	215
2012-13	112	43	29	184
2013-14	93	33	27	154
2014-15	100	37	32	169
2015-16	112	44	32	188
2016-17	100	45	32	177

5 National Sample Survey Office, 2019

6 Centre for Monitoring Indian Economy. (2000-25). Consumption of Fertilisers in Tamil Nadu from 2000-01 to 2024-25, Centre for Monitoring Indian Economy (CMIE) Data base.

2017-18	92	36	32	161
2018-19	98	38	35	170
2019-20	98	39	29	166
2020-21	105	44	34	182
2021-22	106	43	28	178
2022-23	104	44	19	167
2023-24	109	46	20	175
2024-25	114	46	23	183

Source: Centre for Monitoring Indian Economy (CMIE), Data Base 2000-01 to 2024-25.

5.7 Gross Value of Output and Gross State Value Added from Agriculture

5.7.1 Table 5.10 indicates that fruits and vegetables contribute the most to total value of output from agriculture, followed by cereals, flowers and oilseeds. Fruits and vegetables occupy just about 11% to 12% of gross cropped area but generates 34% of gross value of output from agriculture while pulses that occupy around 11% of GCA generates just about 2% of gross value of output from agriculture in Tamil Nadu. There is thus a dichotomy that is prevalent between high value crops and low value crops in agriculture.

Table 5.10: Gross Value of Output from Agriculture (GVO), Tamil Nadu

S.No	Item	GVO for Agriculture in 2021-22 (Q.E)	
		(Rs. In Lakhs)	Percentages
1	Fruits and Vegetables	23,19,291	34
2	Cereals	16,94,405	25
3	Flowers	10,37,344	15
4	Oil Seeds	7,36,882	11
5	Sugar	3,50,233	5
6	Pulses	1,69,284	2
7	Drugs and Narcotics	1,20,095	2
8	Condiment and Spices	1,69,990	2
9	By-Products	1,58,551	2
10	Fibre	48,440	1
11	Others	62,445	1
12	Kitchen Garden	25,986	0
	Total	**68,92,947**	**100**

Note: Q.E-Quick Estimate; Base Year for calculation of GVO is 2011-12

Source: Department of Economics and Statistics, GoTN, Statistical Handbook of Tamil Nadu 2021-22.

Table 5.11 GSVA from Agriculture, Forestry and Fishing, Tamil Nadu

Year	GSVA from Agriculture, Forestry and Fishing as a % of Total GSVA in Tamil Nadu	Percentage contribution from various sub-sectors to GSVA from Agriculture, Forestry and Fishing			
		Crops	Livestock	Forestry and Logging	Fishing and Aquaculture
2011-12	13	61	30	4	4
2012-13	11	54	36	4	4
2013-14	12	55	36	4	4
2014-15	12	53	39	3	3
2015-16	11	50	42	3	3
2016-17	11	35	55	5	5
2017-18	11	40	51	4	4
2018-19	11	39	52	4	4
2019-20	11	40	51	5	5
2020-21	12	40	52	5	5
2021-22	12	41	51	4	4
2022-23	11	42	50	3	3
2023-24	11	41	52	3	3
2024-25	10	39	53	4	4

Note: Percentages worked out here are for the values at 2011-12 constant prices

Source: Department of Economics and Statistics, GoTN, various issues

5.7.2 The declining importance of agriculture in the overall economy of the state comes out clearly from table 5.11**.** The already low share of agriculture, forestry and fishing at 13% to the total gross value added from all sectors in Tamil Nadu in 2011-12 has declined gradually and is 10% of total GSVA by 2024-25. While the contribution of agricultural sector to overall GVA of the state has declined, we find that within the agricultural sector there have been major changes. The contribution from the crop sub-sector has declined sharply while there has been a corresponding rise in the contribution of the livestock sub-sector. The gross value addition from the crop sector has declined from 61% to 39% while that of the livestock has increased from 30% to 53% of the overall GVA from agriculture, forestry and fishing. Thus, the livestock sector appears to be making significant contributions to the overall growth of the agricultural economy of the state. Given this pattern, the next section examines production in the livestock sector.

Box 5.2 Inland Fisheries: Turning Water into Prosperity

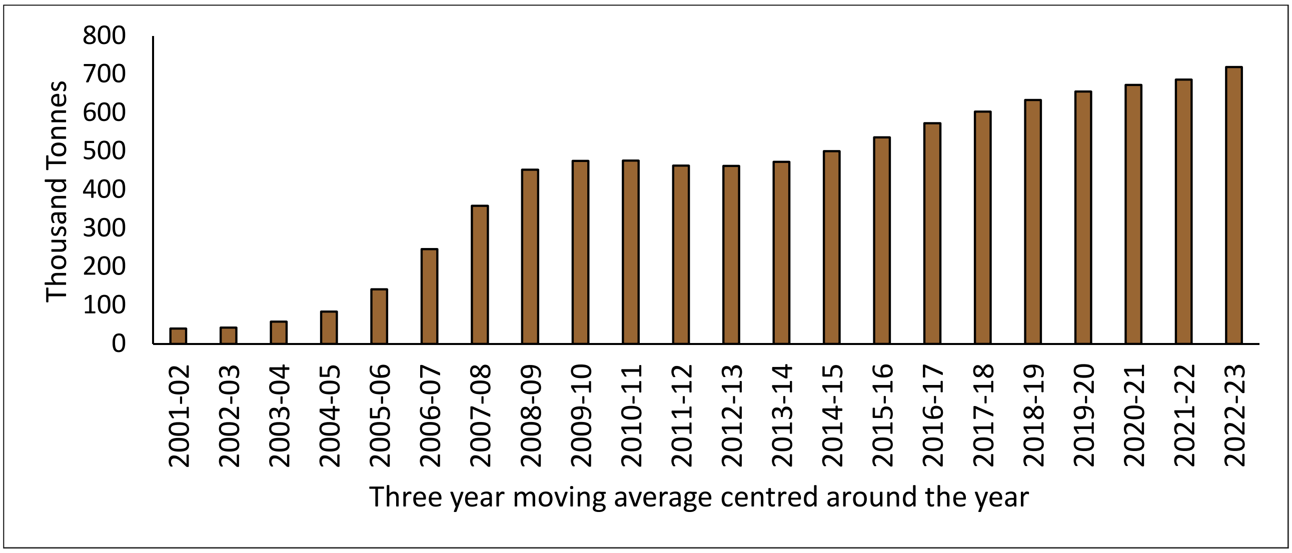
Inland fisheries in Tamil Nadu have a long and significant history, starting from the colonial period when regulatory frameworks such as the Indian Fisheries Act of 1897 were introduced. After independence, the state emphasized organized development of freshwater fisheries by promoting scientific fish culture, improving seed production, and making efficient use of the many tanks, reservoirs, rivers, and ponds available. Tamil Nadu has a total geographical area of 130,058 sq km, of which about 3.83 lakh hectares, or roughly 3%, are inland water bodies suitable for fisheries. Although this is a relatively small portion of the state's land, these water resources have the potential to generate significant fish production if managed effectively. Currently, the state produces around 2.40 lakh tonnes of inland fish annually, providing livelihoods to approximately 2.3 lakh fisherfolk who are often organized through cooperative societies. Despite this, the actual production is only about half of the estimated potential, indicating substantial room for growth. Technological interventions are increasingly being applied to improve productivity and sustainability, including cage culture in reservoirs, recirculatory aquaculture systems (RAS), biofloc technology, integration of fish farming with agriculture, and large-scale high-quality seed production. The sector faces challenges such as seasonal dependence on rainfall, underutilization of water bodies, and ecological pressures on native fish species. Looking ahead, inland fisheries in Tamil Nadu offer immense opportunities to expand production, strengthen rural livelihoods, enhance nutritional security, and even promote eco-tourism around water bodies.

5.8 Production of Eggs, Meat and Milk

5.8.1 Production of meat has increased manifold from 39 thousand tonnes in 2001-02 to 758 thousand tonnes in 2023-24, growing at an annual compound growth rate of 14.4% over the two decades since 2001-02 (see Figure 5.7). Production of eggs has also increased rapidly from 39249 lakhs in 2001-02 to 2.2 lakhs in 2023-24, growing at 8.2% annual compound growth rate over the 22 years since 2001-02 (see Figure 5.8). Milk production has also grown consistently over the two decades from 4836 thousand tonnes in 2001-2002 to 10856 thousand tonnes in 2023-24, growing at a positive rate of growth of 3.7 per annum (see Figure 5.9). A recent research study attributes the rapid increase in milk production in Tamil Nadu to the state's proactive initiatives, effective execution of cooperative models, as also technological advancements[7].

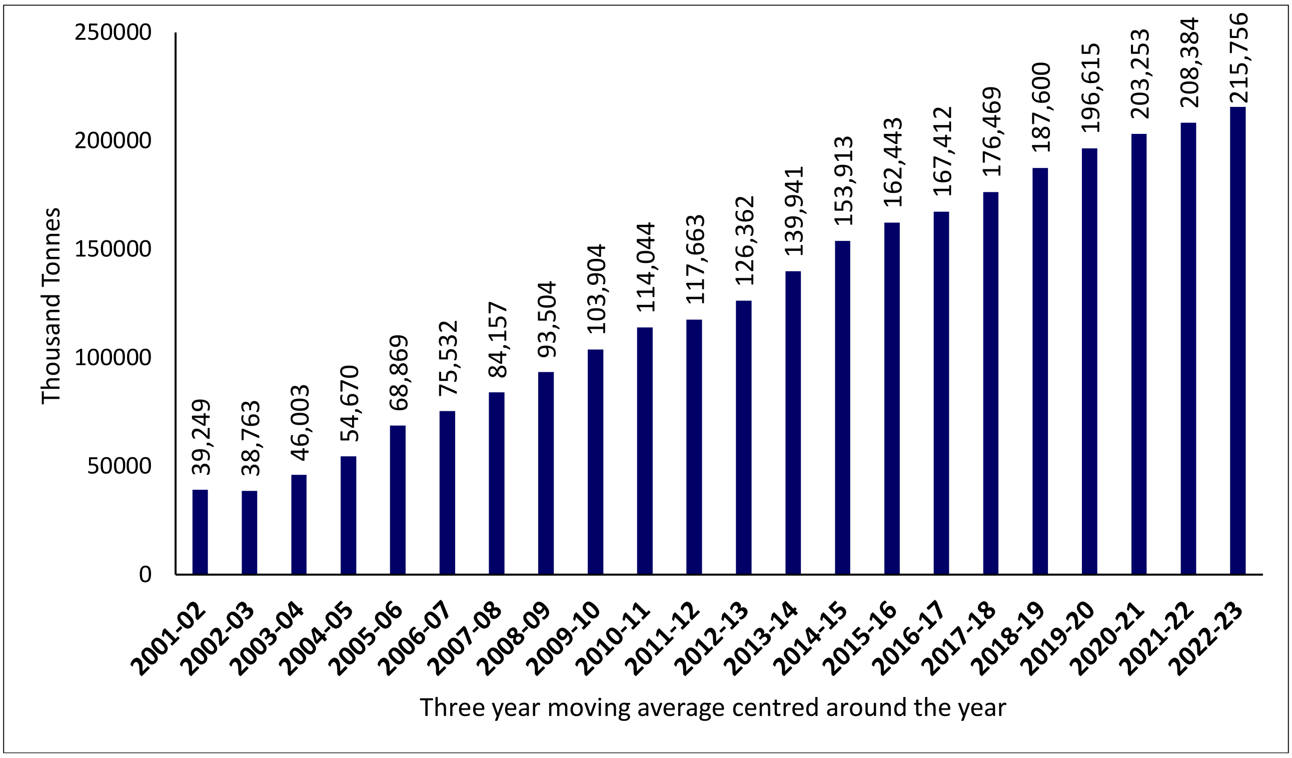
7 Geethasaranya. R and Usharani, D.B. (2024). Growth Trends in Milk Production and it's Determining Factors of Tamil Nadu: An Analytical Study. Madhya Bharti-Humanities and Social Sciences, 85, (08), 9-15.

Figure 5.7: Production of Meat, 2001-02 to 2023-24



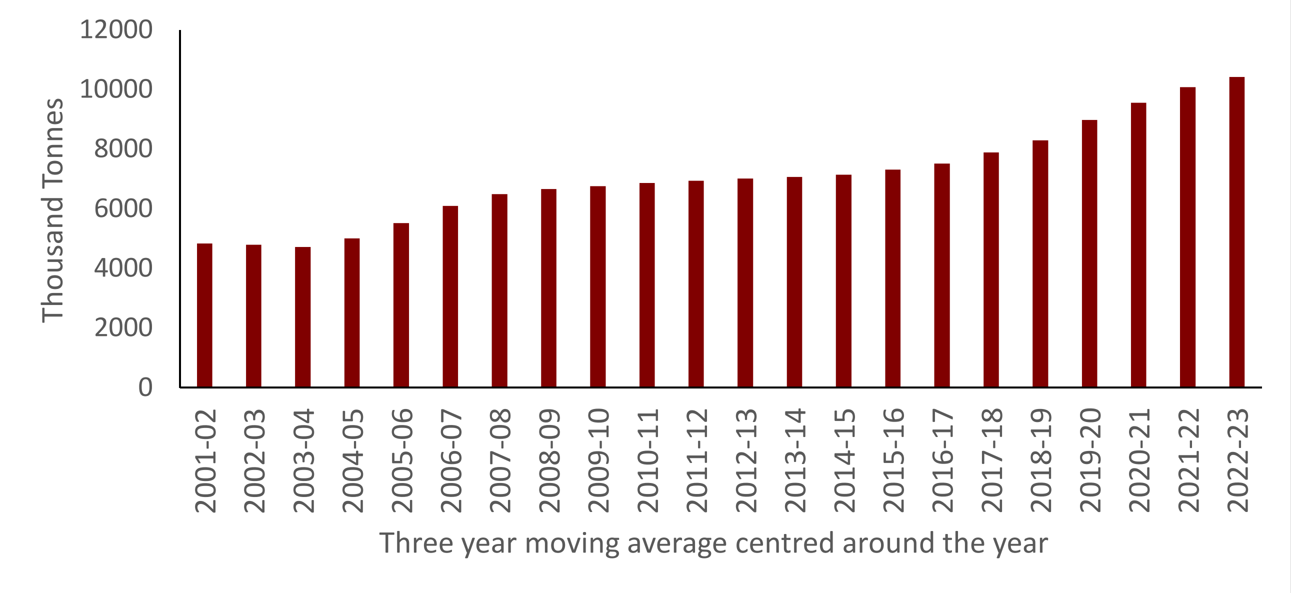
Source: Department of Economics and Statistics, GoTN, various years

Figure 5.8: Production of Egg, 2001-02 to 2023-24



Source: Department of Economics and Statistics, GoTN, various years

Figure 5.9: Production of Milk, 2001-02 to 2023-24



Source: Department of Economics and Statistics, GoTN, various years

5.9 Production of Fish

5.9.1 The composition of fish production has undergone changes in Tamil Nadu over the two decades since 2001-02. In 2002-03, the contribution of marine fish production to overall fish production was 83% (3,78,074 out of 4,53,904) and it declined to 72% (6,38,463 out of 8,86,837) by 2023-24. As a corollary the contribution of inland fish production increased from 20% to 30 % to total fish production over the two decades under consideration. While the marine fish production has grown at an annual compound growth rate of 2.6% over 2000-01 to 2024-25, the inland fish production has grown at a much higher rate of 4.4%.

Table 5.12: Fish Production in Tamil Nadu 2002-03 to 2023-24

Three years moving averages centred around the year	Marine Fish Production (In tonnes)	Inland Fish Production (In tonnes)	Total Fish Production (In tonnes)
2002-03	3,78,074	75,830	4,53,904
2003-04	3,56,018	68,543	4,24,562
2004-05	3,59,518	1,00,769	4,60,287
2005-06	3,63,199	1,31,226	4,94,425
2006-07	3,91,724	1,60,207	5,51,931
2007-08	3,94,192	1,63,711	5,57,903
2008-09	3,97,171	1,66,917	5,64,088

2009-10	4,07,690	1,69,317	5,77,007
2010-11	4,17,560	1,75,416	5,92,976
2011-12	4,27,064	1,80,486	6,07,550
2012-13	4,29,545	1,87,261	6,16,805
2013-14	4,37,086	1,95,774	6,32,861
2014-15	4,49,407	2,14,961	6,64,368
2015-16	4,62,654	2,16,719	6,79,373
2016-17	4,78,499	2,08,304	6,86,803
2017-18	4,96,627	1,83,930	6,80,558
2018-19	5,33,636	1,76,305	7,09,941
2019-20	5,50,545	1,72,897	7,23,442
2020-21	5,75,274	1,86,933	7,62,208
2021-22	5,79,826	2,06,112	7,85,938
2022-23	6,09,769	2,30,029	8,39,798
2023-24	6,38,463	2,48,374	8,86,837

Source: Department of Economics and Statistics, GoTN, various years

Box 5.3 Agricultural Credit Trends in Tamil Nadu (Last Five Years)

Tamil Nadu has a strong rural credit architecture supported by 13,528 scheduled commercial bank offices and 4,474 PACS, (as of 31 March 2024) ensuring wide outreach to farmers. Official NABARD and Ministry of Finance data show that agricultural credit disbursal has more than doubled from Rs. 2.23 lakh crore in 2019-20 to Rs. 4.52 lakh crore in 2023-24, registering a CAGR of ~19%. Annual growth remained high (15–23%) driven by institutional lending, expansion of Kisan Credit Cards, and deeper rural banking penetration.

Inclusive Credit delivery: In 2023-24, around 299 lakh farmer loan accounts were served, of which 78% belonged to small and marginal farmers. NABARD's State Focus Paper (2024-25) estimates an agriculture credit potential of Rs. 3.75 lakh crore, signalling sustained demand and scope for scaling long-term and value-chain financing. Portfolio quality has improved, with agricultural NPAs in scheduled commercial banks declining from ~10% to ~6% over the same period.

SLBC data indicate a gradual deepening of rural financial intermediation in Tamil Nadu, with district-level credit–deposit ratios suggesting that a rising share of rural deposits is being redeployed locally. NABARD assessments further note a diversification of agricultural lending toward allied activities such as dairy, fisheries, poultry, and horticulture, reducing exclusive reliance on seasonal crop loans. This shift reflects changing rural livelihood patterns and improves income stability, while also supporting year-round employment

and value addition within the agrarian economy

The Government of Tamil Nadu has supported this credit expansion through measures such as free crop insurance for farmers, interest subvention for cooperative crop loans, PACS computerisation, revitalisation of cooperative credit institutions, and targeted schemes promoting micro-irrigation, horticulture, mechanisation, dairy and fisheries. The state's initiatives in linking credit with climate-resilient agriculture, millet promotion, FPO strengthening, and digital service delivery have further improved formal credit absorption.

Overall, Tamil Nadu's agricultural credit landscape shows rapid growth, deeper inclusion, and improving quality, positioning the state to shift from predominantly short-term crop loans toward greater term lending for irrigation, mechanisation, allied sectors and post-harvest infrastructure, aligned with future demand and climate-resilience priorities.

5.10 Some Aspects of Land Holding[8]

5.10.1 Table 5.13 shows that nearly 93% of households in 2018-19 in Tamil Nadu possess marginal holdings of less than one hectare and another 5% possess small holdings of 1 to 2 hectares, indicating the predominance of small and marginal holdings in rural Tamil Nadu. Of the 97 lakh rural households in Tamil Nadu possessing land, 30% of households are the Scheduled Castes and 68% are the Other Backward Classes. About 26% of rural households that report ownership of land are classified as agricultural households and the remaining 74% are classified as non-agricultural households by the 2018-19 survey[9].

Table 5.13: Classification of Households by Size Class of Land Possessed, Tamil Nadu, 2018-19

S.No	Size Class (ha) of land Possessed	Number of Households	Percentage of Households
1	Marginal (<1)	90,61,000	92.75
2	Small(1.01-2.00)	4,81,300	4.93
3	Semi-medium (2.01-4.00)	1,67,000	1.71
4	Medium (4.01-10.00)	52,400	0.54
5	Large (10.01+)	7,700	0.08
6	All Sizes	97,69,400	100

Source: National Sample Survey Organisation, 2019

8 National Sample Survey Office. (2019). Situation Assessment of Agricultural Households and Land and Livestock Holdings of Households in Rural India, NSS Report No.587, Ministry of Statistics and Programme Implementation (MoSPI). Government of India.

9 For the definition of agricultural household, refer to the first footnote of this chapter

5.10.2 The 2018-19 survey further estimates the average monthly income per agricultural household in Tamil Nadu to be Rs.11,924. The bulk of this income, 54%, comes from wages while about 22% from crop production and 17% from farming animals. This scenario of income from wages being the most predominant source of total monthly income is true for the small and marginal agricultural households that account for 92% of all agricultural households. However, for the remaining 8% of agricultural households that possess bigger size landholdings, the net receipt from crop production is the major contributor to their total income (see table 5.14).

Table 5.14: Classification of Agricultural Households by Average Monthly Income, Tamil Nadu 2018-19

Size Class of Land Possessed (Ha)	Income from Wage (Rs)	Income from Leasing Land (Rs)	Net Receipt from Crop Production (Rs)	Net Receipt from farming of animals (Rs)	Net Receipt from non-farm business (Rs)	Total Income (Rs)
<.01	1,073	0	216	2,562	156	13,507
0.01-0.04	7,083	47	479	2,484	579	10,672
0.41-1.00	6,271	93	222	1,633	411	10,630
1.01-2.00	6,068	84	4,178	2,058	871	13,259
2.01-4.00	7,046	52	7,487	1,537	2,599	18,721
4.01-10.00	2,796	49	13,695	1,636	1,976	20,153
10.00+	2,338	0	43,860	3,065	675	49,938
All Size	**6,497**	**72**	**2,641**	**2,000**	**715**	**11,924**

Source: State Planning Commission, GoTN, 2022[10]

5.10.3 On an average two thirds of all agricultural households have reported indebtedness. The average amount of outstanding loan per agricultural household was estimated to be Rs.106553 in 2018-19. That the younger persons in rural areas of Tamil Nadu are predominantly engaged in non-agricultural activities, much more so compared to older persons is borne out clearly from a survey that was undertaken by the State Planning Commission in 2024, across 12 villages, see Table 5.15.

10 State Planning Commission. (2022). Agricultural Households of Tamil Nadu-A Profile Based on 77th Round, State Planning Commission, Government of Tamil Nadu.

Table 5.15: Distribution of Workers Across Sectors, Tamil Nadu, 2024

Sector	Number of workers in the Age Group	Percentage	Number of workers in the Age Group	Percentage
	20-29 years		20-59 years	
Agriculture	138	7	2,300	22
Non-Agriculture	1,784	93	8,159	78
Total	**1,922**	**100**	**10,459**	**100**

Source: State Planning Commission, GoTN, 2025[11]

5.11 Key Areas that Need Attention

5.11.1 Several key areas in Tamil Nadu's agricultural sector require immediate attention to ensure sustainable growth and resilience: The net sown area has declined by approximately 2 lakh hectares since 2001-02, accompanied by a rise in fallows indicating underutilized cultivable land and the need for policies to reclaim and optimize fallow lands. Decline in surface irrigation sources, such as canals and tanks, alongside stagnancy in net irrigated area, highlights the urgent need to rehabilitate traditional water infrastructure while simultaneously promoting efficient groundwater management as wells now dominate net irrigated area. Heavy dependence on local markets for inputs and outputs underscore the necessity for enhanced sustainable input systems and market infrastructure development. Stagnation in yields of key crops like paddy, pulses and important fruits need to be addressed to improve livelihoods of agricultural households. The livestock sector in Tamil Nadu's agriculture has shown remarkable growth, emerging as a key driver amid the declining fortunes of the crop sub-sector. Its contribution to gross value added from agriculture, forestry, and fishing has risen sharply from 30% in 2011-12 to 53% by 2024-25. This sector needs attention through cold storage infrastructure development state-wide to curb wastage in marketing perishable products like eggs, meat, milk, and fish, alongside strengthened support for sustainable practices and market linkages.

11 State Planning Commission. (2025). Rural Non-Farm Employment in Tamil Nadu. State Planning Commission, Government of Tamil Nadu

5.12 Conclusions

5.12.1 Over the past two decades, Tamil Nadu's agricultural sector has exhibited relative stability alongside notable structural shifts. A key development in the recent decade has been the rapid expansion of livestock activities, underscoring the growing importance of cold storage and allied infrastructure across the state. Enhanced post-harvest and value-chain facilities are essential to minimise losses in the production and marketing of eggs, meat, milk, and fish, and thereby strengthen farm incomes. While paddy remains the dominant cereal crop, maize cultivation has expanded significantly; yet awareness of the Minimum Support Price (MSP) remains limited. Survey evidence from 2018–19 suggests that around 68 % of agricultural households were unaware of the MSP for paddy and nearly 90 % unaware of the MSP for maize, highlighting the need for improved information dissemination and assured procurement to mitigate market risk. The same evidence shows that close to 80 % of households rely on local markets for both input procurement and output sales, underlining the centrality of these market spaces and the urgency of investments in storage, transport, grading, and trading infrastructure to enhance efficiency and farmer welfare.

5.12.2 At the production level, the adoption of bio-inputs by a considerable share of farmers indicates an emerging orientation towards environmentally sustainable cultivation practices. This trend can be reinforced through policies that promote the development and distribution of locally appropriate bio-inputs, thereby reducing dependence on chemical inputs. However, despite the institutional presence of government extension agencies, Krishi Vigyan Kendras, and agricultural universities, their outreach remains limited, signalling the need to strengthen extension systems to ensure timely access to reliable technical knowledge. In addition, only a small proportion of households possess soil health cards, even though soil-specific nutrient management is central to both productivity and sustainability. Expanding soil testing capacity and strengthening soil health laboratory networks are therefore essential for promoting efficient input use and safeguarding the long-term ecological viability of agriculture in Tamil Nadu.

Chapter 6

Social Sector

6.1 Introduction

6.1.1 The social sector comprises key pillars of human development—health, education, nutrition, water and sanitation, poverty eradication, and social justice. Owing to an early start and a sustained commitment to progressive, inclusive, and people-centred policies, Tamil Nadu has made remarkable strides in these areas. Most of the State's social sector programmes have, by default, embedded mechanisms to include and uplift historically disadvantaged and marginalized sections.

6.1.2 Development is neither linear nor isolated. Progress in one area of the social sector often triggers positive outcomes in others, creating a web of mutually reinforcing improvements. For example, better nutrition improves health and enhances learning outcomes in education; improved education leads to human capital formation and employability; gender equity expands the productive labour force; and so on. Together, these advancements have enhanced human capabilities, improved productivity, and raised household incomes.

6.1.3 This interplay between social development and economic growth has created a virtuous cycle: investments contribute to economic expansion, which increases state revenue, enabling greater public investment in social sectors. This cycle of mutual reinforcement is the essence of the state's distinctive approach that achieves simultaneous progress in both social and economic spheres.

6.1.4 Moreover, the social sector in Tamil Nadu has exerted a deep and enduring influence on the State's development trajectory. Rather than viewing education, health, and representation solely as instruments for economic growth, social reform movements in Tamil Nadu have emphasised these as intrinsic social entitlements.

6.1.5 Over the past five years, this virtuous cycle has accelerated. Improvements in the social sector have driven further economic momentum, and vice versa. This chapter presents an overview of each component of the social sector—health, education, nutrition, water and sanitation, gender equality, social inclusion, poverty eradication, and social justice. It analyses key trends over the last five years, evaluates budgetary allocations, reviews major schemes and achievements, explores intra-state disparities, and identifies current challenges and the outlook for the coming year.

6.2 State Spending on Social Sector

6.2.1 Tamil Nadu's expenditure on key social sector programmes has expanded significantly in recent years, reflecting the State's sustained commitment to social welfare and human development. Between 2021-22 and 2025-26 (RE), the total expenditure on all social sectors (SSE) increased from Rs. 1,13,268 crore to Rs. 1,57864 crore, registering an average annual growth of about 8.72% (Table A 1 in Appendices) indicating that while the State continues to prioritise social spending. The composition of spending shows a shift towards welfare and nutrition-related programmes and a revival of health investment in the post-pandemic years.

i. **Health and Family Welfare:** Expenditure rose sharply from Rs. 19,012 crore in 2021-22 to Rs. 20595 crore in 2025-26 (RE) recording the second highest among major heads. This increase reflects renewed focus on strengthening primary-health infrastructure, upgrading medical colleges and public hospitals, and implementing flagship initiatives such as Makalai Thedi Maruthuvam. This trend highlights the Government's strong post-COVID commitment to health-system resilience.

ii. **Social Welfare and Nutrition:** Expenditure rose steeply from Rs. 24,087 crore in 2021-22 to Rs. 36,977 crore in 2025-26 (RE), the highest growth among all sectors (average growth of 15.0%). The increase underscores the expansion of social-security pensions, marriage and maternity-assistance schemes, and nutrition programmes such as ICDS, Chief Minister's Breakfast Scheme and Nutritious Meal Schemes.

iii. **Water Supply, Sanitation, Housing and Urban Development:** Spending increased from Rs. 17,556 crore in 2021-22 to Rs. 17198 in 2024-25 with a 11.84.% growth in 2024-25. The growth reflects continued emphasis on drinking-water supply, sanitation, and sustainable urban-service delivery through flagship programmes such as, Combined Water Supply Schemes, Underground Sewerage Schemes, Namma Kudiyiruppu, and the Tamil Nadu Urban Habitat Development Board schemes. For 2025-26, the revised estimate was Rs. 13,826 crore.

iv. **Civil Supplies:** Expenditure increased from Rs. 9534 crore in 2021-221 to Rs. 21224 crore in 2025-26 (RE), recording an average growth rate of 28.2%. The allocation largely covers food subsidies and price-stabilisation measures under the Public Distribution System (PDS), ensuring continued access to essential commodities including food security for all sections of society.

v. **Welfare of SCs, STs and OBCs:** Expenditure increased from Rs. 3269 crore in 2021-22 to Rs. 6023 crore in 2025-25 (RE) with an average growth rate of 16.9%, indicating renewed attention to scholarships, hostels, and livelihood programmes for such marginalised groups, though the overall growth pace remains moderate.

vi. **Labour and Labour Welfare**: Expenditure grew from Rs. 597 crore in 2021-22 to Rs. 3344 crore in 2025-26 (RE). The focus appears to be on skill development, social-security measures for unorganised and migrant workers.

vii. **Education, Sports, Art and Culture:** Expenditure increased from Rs. 38,678 crore in 2021-22 to Rs. 54113 crore in 2025-26 (RE), registering an average growth rate of 9%. This increase reflects stable yet moderate growth, consistent with ongoing support for school infrastructure, teacher recruitment, and higher education expansion

6.2.2 In the absence of the Union's committed share, the State has had to finance nearly the entire outlay in the interest of students and spending on other expansion initiatives may have certainly been constrained.

6.2.3 During the past five years, the state witnessed successive disasters - spanning two pandemic waves, frequent cyclones, and recurring floods explain the non-linear spikes observed in certain budget heads, especially relief and natural calamities, health, water, sanitation, housing, urban development, and social welfare and nutrition. While COVID-19 dominated expenditure in 2020-21 and 2021-22, the subsequent years witnessed major relief and rehabilitation spending, including investments in storm-water drainage, repair of roads, and restoration of water bodies, validating why some sectors' year-on-year growth in 2025-26 exceeds their long-term growth.

6.2.4 The changing composition of social sector spending is being shaped by mounting fiscal pressures faced by the State on two major fronts. The continuous decline in Tamil Nadu's share of federal taxes and grants—including its legitimate entitlements under Centrally Sponsored Schemes (CSS) and disaster-relief assistance—has compelled the State to bear a growing share of both contingent and regular welfare expenditures, thereby constraining its fiscal space to an unprecedented degree. This strain has been further aggravated by the loss of revenue following the expiry of GST compensation and the recent reduction in GST rates, both of which are expected to further narrow the State's already limited fiscal capacity for social investment.

6.2.5 Thus, all social sectors recorded positive long-term growth between 2021-22 and 2025-26 (RE). The highest expansion in Health and Social Welfare reflects a post-pandemic reprioritisation of human development, while programmes for SCs/STs and Labour Welfare show stable but slower growth. Education spending, though substantial, has not kept pace with the overall economic expansion.

6.2.6 Importantly, the fiscal and disaster-related pressures that shaped expenditure patterns in recent years underscore the need for a resilient social investment strategy - one that maintains continuity in essential welfare and health spending while improving quality, efficiency, and outcome-based monitoring of social-sector outlays to maximise social impact within a constrained fiscal envelope.

6.3 Demographic, Health and Poverty Transitions in Tamil Nadu

6.3.1 Tamil Nadu has entered a mature Stage-4 demographic regime[1], characterised by low fertility and low mortality, marking a decisive shift from population growth–led development to productivity- and quality-led development. This transition has important implications for labour supply, ageing, health expenditure, and the design of social protection systems.

6.3.2 Declines in mortality preceded reductions in fertility, driven by improvements in public health, nutrition, female education, and access to healthcare services.

6.3.3 These demographic shifts have interacted closely with social sector investments to influence poverty outcomes. Improvements in education, health, housing, sanitation, and access to basic services—key dimensions captured under the Multidimensional Poverty Index—have reduced both the incidence and intensity of deprivation. As a result, Tamil Nadu has recorded a steep decline in MPI over the past decade.

1 In **Stage 1** (applied to most of the world before the Industrial Revolution), both birth rates and death rates are high; population size remains fairly constant but can have major swings with events such as wars or pandemics.
In **Stage 2**, the introduction of modern medicine lowers death rates, especially among children, while birth rates remain high; the result is rapid population growth. Many of the least developed countries today are in Stage 2.
In **Stage 3**, birth rates gradually decrease, usually as a result of improved economic conditions, an increase in women's status, and access to contraception. Population growth continues, but at a lower rate. Most developing countries are in Stage 3.
In **Stage 4**, birth and death rates are both low, stabilizing the population. These countries tend to have stronger economies, higher levels of education, better healthcare, a higher proportion of working women, and a fertility rate hovering around two children per woman. Most developed countries are in Stage 4.
A possible **Stage 5** would include countries in which fertility rates have fallen significantly below replacement level (2 children) and the elderly population is greater than the youthful population.

6.4 Population Dynamics and Demographic Transition

6.4.1 Tamil Nadu's demographic indicators reflect a sustained and long-term transition towards low fertility and low mortality. The decline in crude birth rates and total fertility rates has been gradual and broad-based, reflecting improvements in female education, access to reproductive healthcare, and declining infant and child mortality due to investments in public health. These trends are consistent with a mature Stage-4 demographic regime

Table 6.1: Key Demographic Indicators in Tamil Nadu

	Birth Rate (Per 1000)		Death Rate (Per 1000)		IMR (Per 1000)		Fertility Rate (Per 1000)		SRB (Females per 1000 Males)		% of Institutional Deliveries	
Year	India	TN	India	TN	India	TN	India	TN	India	TN	India	TN
2018	20	14.7	6.2	6.5	32	15	2.2	1.6	904	915	82.5	96
2019	19.7	14.2	6	6.1	30	15	2.1	1.5	907	917	82.8	96.2
2020	19.5	13.8	6	6.1	28	13	2	1.4	913	920	82.6	96.2
2021	19.3	13.4	7.5	8.3	27	12	2	1.5	913	920	91.1	99.4
2022	19.1	12.1	6.8	7.3	26	11	2	1.3	914	924	94.3	99.9
2023	18.4	12	6.4	6.9	25	12	1.9	1.3	917	933	94.8	99.9

Source: Sample Registration System Annual Statistical Report 2023, Registrar General of India

6.4.2 Table 6.1 shows a steady decline in fertility and mortality indicators over time alongside continued improvements in life expectancy at 73.4 years – well above India's 70.3 years. Fertility rates have reached or fallen below replacement level, while mortality reductions reflect long-standing investments in public health and healthcare access. While population momentum continues to influence absolute numbers, the pace of growth has moderated significantly, reducing pressure on basic services while increasing the importance of productivity-led growth strategies.

6.5 Changing Age Structure and Labour Force Implications

6.5.1 The demographic transition has altered the age composition of Tamil Nadu's population. The share of the working-age population remains relatively high, while the proportion of children has declined. Simultaneously, improvements in life expectancy have led to a gradual increase in the elderly population.

6.5.2 Table 6.2 highlights a declining dependency ratio driven by a reduced child population and a relatively stable working-age share. Tamil Nadu now has the highest proportion of working-age population in India (Figure 6.1), reflecting its advanced demographic transition. However, the rising proportion of elderly persons and their deaths signals the onset of population ageing. While the current demographic structure offers conditions

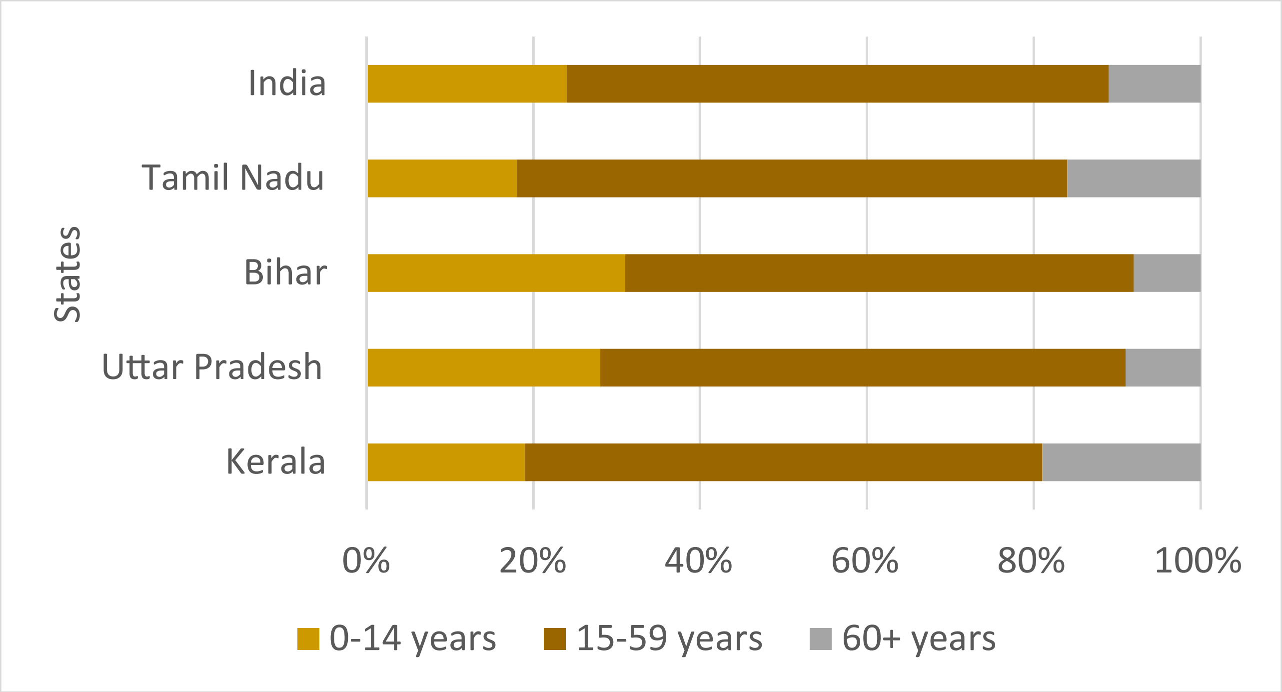
conducive to a demographic dividend, this window is time-bound and contingent upon the State's capacity to expand employment opportunities, enhance skill development, and raise labour productivity.

Table 6.2: Distribution of Population and Deaths by Age Groups-Tamil Nadu

Country/ State	Age Group							
	0-4		0-14		15-59		60+	
	% Share of Population	% of death rate	% Share of Population	% of death rate	% Share of Population	% of death rate	% Share of Population	% of death rate
India	8.0	8.2	24.2	9.7	66.1	29.9	9.7	60.4
Kerala	6.2	1.3	20.0	1.9	64.9	19.5	15.1	78.5
Tamil Nadu	5.7	2.3	18.2	3.2	68.0	32.9	13.9	65.8
Himachal Pradesh	6.3	2.3	20.5	3.0	66.5	20.8	13.1	76.2
Madhya Pradesh	9.2	14.4	27.6	16.0	63.8	28.4	8.5	55.3
Uttar Pradesh	9.2	14.7	27.5	16.3	64.0	29.0	8.4	53.9
Rajasthan	9.5	12.8	27.6	9.8	63.5	28.4	8.9	56.8

Source: Sample Registration System Annual Statistical Report 2023, Registrar General of India.

Figure 6.1: Age Composition of Population in Tamil Nadu and Select States: 2026



Source: SRS 2023

6.5.3 Population ageing will increasingly shape public expenditure priorities, particularly in healthcare, pensions, and social security. Anticipating these shifts is essential for ensuring fiscal sustainability and inclusive growth.

6.6 Health Transition: Mortality Decline and Emerging Morbidity Patterns

6.6.1 Parallel to demographic change, Tamil Nadu has undergone an advanced health transition. Mortality from communicable diseases, maternal causes, and nutrition-related conditions has declined significantly, reflecting improvements in immunisation coverage, institutional deliveries, sanitation, and access to healthcare services.

6.6.2 As mortality from infectious diseases declined, the disease burden has shifted towards non-communicable diseases such as cardiovascular conditions, diabetes, cancers, and chronic respiratory illnesses. This epidemiological transition is closely associated with ageing, urbanisation, food and lifestyle changes, necessitating a reorientation of health systems towards chronic disease management, early screening, and continuity of care.

6.6.3 In response to the evolving morbidity profile, Tamil Nadu has initiated targeted interventions aimed at strengthening the management of non-communicable diseases. The **'Makalai Thedi Maruthuvam'** scheme represents a strategic shift towards community-based and home-oriented healthcare delivery, with a focus on NCD screening, continuity of medication, palliative care, and preventive guidance. By extending healthcare services beyond institutional settings, the programme aligns with the requirements of an ageing population and a rising burden of chronic conditions.

6.6.4 As the burden of chronic and age-related conditions increases, strengthening and scaling such primary-care–centred approaches will be critical to sustaining health gains and preventing emerging forms of health-related deprivation.

6.7 Multidimensional Poverty Reduction and Human Development Outcomes

6.7.1 The demographic and health transitions have interacted closely with sustained social sector investments to reduce multidimensional deprivation in Tamil Nadu. Improvements in education, health, housing, sanitation, and access to basic services have reduced both the incidence and intensity of poverty, as captured by the latest Multidimensional Poverty Index (MPI) estimates (for the year 2022-23) made by NITI Aayog.

Table 6.3: Projected MPI Headcount Ratio (H) and Escapes: 2013-14 to 2026-27

Year	HCR (H, %) TN	HCR (H, %) India	% Point Decline (TN)	Estimated Population (lakh)	Cumulative Escapes since 2013-14 (lakh)
2013-14	7.16	29.17	-	7,236	-
2019-21	2.20	14.96	5.0	7,725	36
2022-23	1.43	11.28	5.7	7,690	44
2024-25*	1.02	9.01	6.1	7,720	47
2025-26*	0.86	8.05	6.3	7,738	49
2026-27*	0.72	7.19	6.4	7,755	50

Source: Multidimensional Poverty in India Since 2005-06, A Discussion Paper, NITI Aayog. * Projections based on NITI Aayog's CAGR-based framework (see Box A 1 in Appendices for a detailed note on methodology). Note: Demographic, health, and MPI projections (based on trends) are based on available SRS, and NFHS survey data.

6.7.2 Tamil Nadu's trajectory has been impressive. Starting from 7.16% in 2013–14, the state reduced its MPI to 1.43% in 2022–23 (NITI Aayog estimate), with projections (made by SPC) indicating a further decline to 0.72% by 2026–27 (Table 6.3).

6.7.3 District-level disparities however persist. According to the Tamil Nadu State Planning Commission's MPI report (2022), districts such as Dharmapuri, Perambalur, and Ariyalur record higher levels of multidimensional deprivation relative to the State average. Vulnerable groups, including Scheduled Castes, Scheduled Tribes, and women-headed households, experience a higher incidence and intensity of deprivation, particularly in rural areas.

6.7.4 To address these gaps, targeted action plans are required. The State Government, through SPC, is implementing the Focus Blocks Development Programme (FBDP) precisely to advance such regionally balanced and inclusive development (see Box 6.1).

Box 6.1 Focus Blocks Development Programme (FBDP)

– An SPC-Led Strategy towards Inclusive Development

Despite Tamil Nadu's faster and overall development outcomes, significant interregional disparities persist at the block level, particularly in remote, tribal, and socio-economically disadvantaged areas. Recognising the limitations of uniform State-wide interventions in addressing these spatial inequities, the Government of Tamil Nadu, conceived and launched the Focus Blocks Development Programme (FBDP) in 2024–25 as a mission-mode initiative for inclusive and balanced inclusive development.

FBDP identifies 50 development-deficit blocks through an objective, evidence-based framework using multi-dimensional indicators covering social and economic dimensions. Anchored institutionally in the SPC, the programme adopts a convergence-led planning approach, coordinating 65 schemes across 19 departments, and is supported by dedicated catalytic funding of **Rs. 5 crore** per block over three years to address critical development gaps. Each focus block prepares a Block Development Strategy Paper (BDSP), ensuring decentralised, context-specific planning aligned with State priorities.

6.7.5 Sustaining ongoing development gains high economic growth will require continued attention to health system strengthening and inclusive social protection frameworks.

6.8 Housing and Urban Development

6.8.1 Tamil Nadu is among the most urbanised States in India, with nearly half of its population residing in urban areas, reflecting sustained economic diversification, industrialisation, and migration. While urbanisation has driven growth and productivity, it has also created structural pressures on housing affordability, urban infrastructure, environmental sustainability, and governance systems.

6.8.2 A persistent shortage of affordable housing for Low Income Groups (LIG), informal workers, and migrants remain a major challenge. Escalating land prices, limited availability of serviced land, financing constraints, and regulatory rigidities have widened the demand–supply gap, resulting in continued prevalence of slums and informal settlements.

6.8.3 Urban infrastructure deficits compound housing stress, with pressure on water supply, sewerage, stormwater drainage, solid waste management, transport, and public spaces, and uneven service levels across urban local bodies (ULBs). Climate change has further intensified such vulnerabilities disproportionately affecting low-income households.

Institutional constraints—limited fiscal autonomy, capacity gaps, fragmented planning, and rising operation and maintenance liabilities—add to these challenges.

6.8.4 The State's housing and urban development strategy is anchored in a welfare-oriented, inclusive framework combining public housing, slum redevelopment, and infrastructure upgrading. The Tamil Nadu Urban Habitat Development Board (TNUHDB) plays a central role through in-situ redevelopment and rehabilitation housing, with resettlement where in-situ solutions are not feasible.

6.8.5 Urban infrastructure development has been scaled up through Singara Chennai 2.0 and Smart Cities Mission. A coordinated institutional framework supports these efforts, with the Tamil Nadu Housing Board (TNHB), TNUHDB, CMDA, and CUMTA playing complementary roles in land development, housing for the poor, spatial planning, and integrated mobility. However, housing demand continues to outpace supply in high-growth regions, while land acquisition challenges, rising construction costs, capacity gaps in smaller ULBs, and climate risks persist.

6.8.6 Going forward, the strategy must shift from a project-centric approach to a systems-oriented urban transformation framework. Priorities include expanding affordable and rental housing, improving land and housing market efficiency, embedding climate resilience into planning and building norms, strengthening ULB fiscal sustainability, and enhancing metropolitan governance.

6.9 Rural Water Supply, Sanitation and Water Security

6.9.1 Water security remains a central development challenge for Tamil Nadu. With access to only about 3 % of the country's water resources and high dependence on monsoon rainfall, the State faces inherent structural constraints in ensuring reliable and equitable water availability. Climate change has intensified these pressures through increasing rainfall variability, placing growing stress on both surface and groundwater systems and widening regional disparities in water access.

6.9.2 The State's water resources strategy focuses on conservation of surface water, groundwater recharge, equitable irrigation up to tail-end areas, and meeting rising domestic, agricultural, and industrial demand. Investments have been scaled up in irrigation infrastructure through new reservoirs, barrages, check dams, canals, and rehabilitation of dams, tanks, and channels. River interlinking and flood mitigation works are being undertaken to address regional imbalances and strengthen climate resilience. Reflecting this scale-up, expenditure in the water resources sector has been increasing

from Rs. 7,338 crore in 2022–23 to Rs. 8,232 crore in 2023–24, to Rs. 8,398 crore in 2024-25, to Rs. 9,460 crore in 2025-26 (BE) driven by river interlinking projects, NABARD-funded schemes, and externally aided programmes.

6.9.3 Rural water supply and sanitation are central to inclusive and climate-resilient development. The state is transforming Village Panchayats into clean, green, liveable, and water-secure rural hubs through expanded drinking water infrastructure, sanitation facilities, solid waste management, and decentralised water conservation. Rejuvenation of ponds and ooranies, with community participation, remains a key strategy.

6.9.4 The Jal Jeevan Mission (JJM) has strengthened household-level water security by providing functional household tap connections. Bulk water transfer systems and retrofitting of existing schemes are addressing water stress in vulnerable regions. Climate resilience is increasingly embedded in the State's water governance framework through storage augmentation, groundwater recharge, tank desilting, ecosystem-based interventions, and inter-basin transfers.

6.9.5 Tamil Nadu's water strategy must move from fragmented interventions to an integrated, climate-resilient water security framework. Priorities include strengthening source sustainability, improving real-time hydrological monitoring, enhancing community stewardship of water assets, and aligning investments with district-level vulnerability profiles.

6.10. Education: Building a Just, Knowledge-Rich, and Future-Ready Tamil Nadu

6.10.1 Education has long been the foundation of Tamil Nadu's social development. Despite education being a concurrent subject, Tamil Nadu continues to shoulder a disproportionately large share of responsibility in the present fiscal-federal context, spending nearly 2 % of its GSDP from its own resources on education.

6.10.2 Over the decades, the State has expanded access to near-universal schooling, achieved one of the highest Gross Enrolment Ratios (GER) in higher education nationally, and pioneered welfare-centric educational reforms that have shaped policy thinking across India. Women, as well as socially and educationally backward communities, enjoy significantly greater access to all levels of education in Tamil Nadu compared to most other States, reflecting the State's long-standing commitment to equity and inclusion.

6.10.3 Yet the State now stands at a pivotal juncture. Rapid shifts in technology, artificial intelligence, climate risks, labour markets, and demographic patterns demand a new generation of reforms—reforms that move beyond access towards strengthening quality, equity, digital readiness, research capacity, skilling, and employability. The State's policy approach outlines strategic directions and commitments for both school and higher education, aiming to sustain Tamil Nadu's leadership in inclusive human development.

6.11 School Education

6.11.1 The recent Survey by NSSO (The Comprehensive Modular Survey: Education, NSSO 80th Round, 2025) shows that Tamil Nadu's school enrolment pattern differs markedly from the national profile, reflecting the State's long-standing public provisioning as well as its extensive aided and recognised private school network. While 55.9 % of students in India are enrolled in government schools, the corresponding share in Tamil Nadu is significantly higher at 64.1 %, indicating the continued centrality of the public school system in the State. At the same time, the state has a substantially larger aided-sector footprint, with 29.2 % of students enrolled in private aided schools, nearly three times the all-India average of 11.3 %. The State also reports a higher proportion of students in recognised private unaided institutions (46.6 %) compared to 31.9 % nationally, underscoring the coexistence of a strong private sector alongside a robust public system. This diversified schooling landscape—combining larger public, aided, and recognised private institutions—continues to provide wide-ranging access and choice for households, while reinforcing the State's commitment to expanding educational opportunities.

Table 6.4: Number of Schools, Enrolments and Teachers: 2024-25

	Total number of			Pupil teacher ratio	Average teachers per school	Teachers in having zero enrolments	Schools with single teachers	Enrolments in single teacher schools
	Schools	Enrolments	Teachers					
India	14,71,473	24,69,32,680	1,01,22,420	24	7	20,817	1,04,125	33,76,769
Tamil Nadu	57,935	1,25,18,167	5,49,850	23	9	432	3,671	95,353

Source: UDISE + 2024-25

6.11.2 As per the latest UDISE+ 2024-25 data, Tamil Nadu excels in school infrastructure and teacher resources. With 57,935 schools, 12.52 million enrolments, and 549,850 teachers, Tamil Nadu represents ~3.9% of India's schools, 5.1% of enrolments, and 5.4% of teachers—strong relative to its ~5% population share. This also marks a decline from 1.29 crore (12,993,050) in 2023–24, largely attributable to the State's sustained fall in fertility

rates. As fewer children are born, fewer enter the schooling system, resulting in lower enrolment even when access remains universal.

6.11.3 TN's pupil-teacher ratio (23) is lower than all-India average (24), aiding efficient teaching, while 9 teachers per school surpasses the national 7, easing loads. Just 432 teachers in zero-enrolment schools (vs. India's 20,817) shows superior rationalization. However, single-teacher schools (~6.3% or 3,671) vs. India's 104,125 (~7.1%), with 95K enrolments vs. 3.38M, pose quality risks.

6.11.4 Redeployment of teachers from zero enrolment and filling up of vacancies will further ensure quality and enhance outcomes.

Table 6.5: Gross Enrolments Ratio in Schools in 2023-24 and 2024-25

Levels	T N 2023-24			T N 2024-25			Change (in points)			India 2023-24			India 2024-25		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Elementary (I–VIII)	97.6	99.4	98.4	92.7	95.4	93.9	–4.9	–4.0	–4.5	90.7	92.9	91.7	89.1	92.4	90.6
Secondary (IX–X)	96.9	98.1	97.5	94.4	96.6	95.5	–2.5	–1.5	–2.0	76.8	78	77.4	77.3	80.2	78.7
Higher Secondary (XI–XII)	77.3	88.8	82.9	78	89.1	83.4	0.7	0.3	0.5	54.4	58.2	56.2	56.2	60.9	58.4

Source: UDISE + 2023-24 and 2024-25

6.11.5 A year-on-year comparison of enrolment ratios shows a moderate but notable decline between 2023–24 and 2024–25. The sharpest fall occurs at the elementary level (a reduction of 4.5 percentage points), followed by a 2-point drop at the secondary level. The decline is consistent across boys and girls, indicating systemic factors—most importantly demographic changes—rather than gender-driven disparities. However, such a rapid demographic shift is not reflected in the UDISE+ data (as explained in Box A6.1), which relies on projections rather than actual counts of children in these age groups, owing to the absence of Census data after 2011.

6.11.6 Encouragingly, despite the limitations of this data, higher secondary enrolment shows a marginal improvement, signalling stable retention beyond Class X. Importantly, Tamil Nadu continues to perform far above the national average at all stages of schooling.

6.11.7 School infrastructure in Tamil Nadu is both comprehensive and adequate, with nearly all schools equipped with classrooms, drinking water, electricity, libraries, and functional toilets, supported by low student–classroom ratios and strong digital access as per the last UDISE+ data (See Box A6. 1 in Appendices).

6.11.8 Nevertheless, the downward movement at the foundational and secondary stages warrants attention. It underscores the need for more precise population projections to ensure that GER and enrolment metrics reflect actual demographic patterns and better-informed policy decisions.

Table 6.6: Proportion of Enrolment by Levels and Gender 2024-25

	Elementary (1 to 8)			Secondary (9 to 10)			Higher secondary (11 to 12)		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
	89.1	92.4	90.6	77.3	80.2	78.7	56.2	60.9	58.4
TN	92.7	95.4	93.9	94.4	96.6	95.5	78	89.1	83.4

Source: UDISE + 2024-25

ble 6.7: Proportion of Enrolment by Social Category and Minorities 2024-25

	Total number of			Pupil teacher ratio	Average teachers per school	Teachers in having zero enrolments	Schools with single teachers	Enrolments in single teacher schools
	Schools	Enrolments	Teachers					
India	14,71,473	24,69,32,680	1,01,22,420	24	7	20,817	1,04,125	33,76,769
Tamil Nadu	57,935	1,25,18,167	5,49,850	23	9	432	3,671	95,353

Source: UDISE + 2024-25

6.11.9 At the higher secondary stage, the GER stands at 83.4 %. Across all levels of schooling, girls' enrolment exceeds that of boys, indicating sustained progress in gender equity.

6.11.10 There is also a growing preference for government schools. In 2025–26, government primary and middle schools enrolled 3.7 lakh new students (LKG–VIII), with many shifting from private unaided schools. This trend is driven by improved infrastructure, early-admission campaigns, and welfare programmes such as the Chief Minister's Breakfast Scheme. A strong ecosystem of support—including the Nutritious Meal Scheme, free uniforms, textbooks, and free bus pass—continues to reinforce equity and access.

6.11.11 Post-pandemic learning recovery initiatives, such as Illam Thedi Kalvi along with the Ennum Ezhuthum Mission, have been instrumental in restoring foundational competencies. Simultaneously, continuous enhancement of school infrastructure through the Perasiriyar Anbazhagan School Development Scheme has contributed to renewed public confidence in government schools.

6.11.12 However, gaps persist in learning outcomes, teacher capacity building, filling up teaching vacancies and digital inclusion. The policy approach therefore focus quality, inclusive education for the 6–18 age group, with a renewed emphasis on foundational learning, digital infrastructure, and inclusive school environments. Besides, the teacher vacant positions need to be filled.

6.11.13 Finally, ASER illuminates foundational gaps in rural areas to spur advocacy, while SLAS diagnoses curriculum performance across the state's school system for precise reforms—together providing complementary perspectives on Tamil Nadu's educational landscape (see Box A6.3 for a comparison between ASER and SLAS findings).

6.12 Higher Education

6.12.1 The state continues to be a leader in higher education, with a diverse ecosystem of 61 universities, 1,632 Arts and Science colleges, 463 engineering and architecture colleges, and 492 polytechnic institutions and 503 ITIs. The State's Gross Enrolment Ratio (GER) remains among the highest in the country reflecting its sustained emphasis on access, equity, and quality.

6.12.2 Of the many equity-enhancing initiatives, the 69 % reservation policy—distributed proportionally among Scheduled Castes and Scheduled Tribes, Backward Classes, Most Backward Classes, women, and religious minorities—has played a significant role in ensuring fair access to higher education for all sections of society.

6.12.3 Flagship schemes such as Pudhumai Penn, which supports nearly 6.92 lakh girl students, and Tamil Pudhalvan, which benefits 5.40 lakh boys (as of December 2025), have further expanded enrolment from government schools into higher education. In addition, the 7.5 % preferential reservation for government school students in professional courses has strengthened equity.

6.12.4 Through the Perunthalaivar Kamarajar College Development Scheme, investments of nearly Rs. 980 crore have been made since 2022–23 to upgrade academic buildings, laboratories, and digital resources. The Chief Minister's Research Fellowship and Research

Grant have provided targeted support, with Rs. 9.61 crore sanctioned for 180 fellows and Rs. 50 crore allocated to universities in 2024–25. Incubation centres and entrepreneurship programmes have further strengthened innovation ecosystems.[2]

6.12.5 Fee waivers, scholarships, and concessions for first-generation graduates, SC/ST students, and economically weaker sections have widened participation. Post-Matric Scholarships benefitted over 1.3 lakh engineering and polytechnic students in 2023–24. Government polytechnics are being upgraded into Centres of Excellence under Industry 4.0 standards, with Rs. 2,783 crore sanctioned for infrastructure and curriculum modernization.

6.12.6 Strengthening internationalisation, research output, and the global ranking performance of State universities will be central to positioning higher education as a driver of Tamil Nadu's trillion-dollar economy vision by 2030 and to anchoring the State's transition towards a high-value, innovation-led knowledge economy, particularly in emerging domains such as artificial intelligence, advanced manufacturing, biotechnology, clean energy, and data sciences.

6.12.7 The outlook for the sector underscores the need to enhance quality while deepening research and innovation through stronger industry–academia collaboration, accelerated digital transformation, and expanded global partnerships. Scaling up LMS–ERP platforms, e-resources, and digital libraries will integrate technology more fully into teaching and research, while collaborations with international universities will support exchange programmes, joint research, and the adoption of global curricula.

6.12.8 Tamil Nadu's higher education system must decisively shift towards quality, global competitiveness, and measurable outcomes. This will be essential to ensure that expanded access translates into empowerment, and that higher education continues to serve as a driver of inclusive growth and knowledge-led economic transformation.

6.13 Social Welfare Schemes in Tamil Nadu

6.13.1 The Tamil Nadu is known for implementing many social welfare schemes. for the protection and promotion of vulnerable and marginalised sections of the society. These schemes aim to support infants, children, adolescent girl, lactating mothers, women, transgender and senior citizens.

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2 https://www.dtnext.in/news/tamilnadu/higher-edu-in-tn-gets-a-boost-with-naan-mudhalvan-cmrf-834706?utm_source=chatgpt.com

6.13.2 Budgetary allocations for this sector have remained robust, rising from Rs. 3,048 crore in 2021-22 to Rs. 3,433 crore in 2024–25, with State schemes forming the backbone of expenditure. Union and CSS contributions, though modest, supplement the State's efforts, underscoring Tamil Nadu's reliance on its own fiscal space to maintain welfare priorities.

6.13.3 Apart from Pudhumai Penn and Tamizh Pudhalvan scheme, the Chief Minister's Breakfast Scheme, which now benefits 20 lakh children (including an additional 3.05 lakh children after the scheme expanded to 2430 urban government aided primary schools in 2025) has been a pioneering initiative, complementing the long-standing Noon Meal Programme. Child welfare has seen notable progress through.

6.13.4 Support for senior citizens remains steady, with pensions and old-age homes providing critical relief. The Social Security Pension Scheme continues to reach nearly 3.4 million beneficiaries annually, though certain categories such as old-age pensions show gradual decline (Table A 3 in Appendices) reflecting demographic shifts.

6.13.5 Transgender welfare has achieved incremental gains, particularly in pension coverage, yet livelihood-oriented schemes such as self-employment grants remain limited in reach. Overall, Tamil Nadu's welfare architecture demonstrates resilience and inclusivity, but the data point to emerging constraints in scheme uptake, infrastructure adequacy, and fiscal challenges.

6.13.6 Infrastructure gaps in hostels and elder care facilities require targeted investment and better planning. Most importantly, monitoring outcomes and providing course correction will be critical to ensure that welfare translates into empowerment.

6.14 Welfare of Senior Citizens

6.14.1 The population aged 60 years and above accounts for 14 %, the highest in India next only to Kerala at 15.1 % (SRS 2023). This share is projected to rise further, exceeding one-fifth of the State's population by the turn of the next decade, with women forming a slightly higher proportion among the very old. This demographic transition will progressively reshape the State's expenditure profile through higher pension commitments, increased public health spending, and expanding care economy needs of the aged.

6.14.2 The State has implemented a range of initiatives to strengthen social protection for senior citizens. Financial security is provided through the Indira Gandhi National Old Age Pension Scheme, which extends monthly pensions to destitute persons above 60 years

from Below Poverty Line households, and the Annapoorna Scheme, which supplies 10 kilograms of rice free of cost every month to indigent elders not covered under the pension scheme. In addition, livelihood and skilling programmes, including the formation of Elders Self Help Groups (AGRASR Groups), are being introduced to promote active engagement and self-reliance among the aged. Of these schemes old age pensions schemes alone benefits above 13.68 lakh aged people. Tamil Nadu government launched Anbu Solai (garden of love) on November 10, 2025, featuring 25 day care centres for senior citizens to their well being.

6.14.3 Healthcare and nutrition have been prioritized through the establishment of geriatric care centres in all medical colleges and district hospitals, the **Makkal Thedi Maruthuvam** scheme that delivers medicines for chronic diseases at the doorstep, and the proposed Integrated Geriatric Management Scheme to provide nutritious meals and vaccines through Anganwadi and noon meal centres. Assistive devices such as walking sticks and hearing aids are also distributed to enhance mobility and daily living, particularly for those from economically weaker sections.

Table 6.8: Share of Aged (60 +) Population in by Sex, Residence: Tamil Nadu and select States 2023

	Total			Rural			Urban		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Bihar	7.9	7.8	8.2	7.7	7.4	7.9	9.8	9.6	10.1
Jharkhand	7.6	7.3	7.8	7.4	7	7.5	8.4	8.4	8.5
Kerala	15.1	14.3	15.9	15.2	14.3	16.2	14.9	14.2	15.6
Tamil Nadu	13.9	13.6	14.3	13.3	12.4	14.3	14.5	14.4	14.7

Source: SRS 2023

6.14.4 Shelter and safety measures include grants-in-aid to NGOs for running old age homes that provide food, shelter, medical care, and recreation, as well as integrated complexes that house both senior citizens and destitute children to foster inter-generational bonding. In 2024–25, 2,627 beneficiaries were covered under these two schemes, which need to be further strengthened and expanded.

6.14.5 The state has recently launched the **Chief Minister Thayumanavar Scheme**, anchored in the slogan **எல்லோருக்கும் எல்லாமும்** ("Everything for Everyone"), to provide assured access to essential commodities for vulnerable households. The scheme targets senior citizens aged 70 years and above and persons with disabilities, enabling them to receive doorstep delivery of monthly PDS ration items free of cost.

6.14.6 An estimated 21.7 lakh beneficiaries were identified during the launch, all of whom were auto-enrolled based on existing ration card data, eliminating the need for applications or verification. By reducing the physical burden of visiting PDS outlets/Fair Price Shops, the scheme enhances dignity, convenience, and social protection for elderly citizens and persons with disabilities. It represents a significant step in advancing inclusive and humane governance, ensuring that essential entitlements reach those who need them most. However, the scheme has not pushed the targeted population, and official data shows that only 40-45% received the commodities through door delivery in August and September 2025[3].

6.14.7 In the coming years, as the share of older persons continues to rise, the State will need to strengthen and expand its pension architecture to ensure comprehensive old-age income security. Further, in the context of persistently high food inflation and rising healthcare costs, the pension amount presently provided to over 14 lakh beneficiaries warrants periodic upward revision and may be supplemented with a Dearness Allowance (DA) component, aligned with State Government revisions, to protect the real value of benefits.

6.14.8 As the demographic profile shifts, strengthening institutional capacity, expanding geriatric and long-term care services, and ensuring gender-sensitive interventions will be critical to safeguarding the dignity and well-being of senior citizens—reinforcing the State's commitment to inclusive and humane development.

6.15 Welfare of Scheduled Castes and Scheduled Tribes

6.15.1 Tamil Nadu has consistently prioritised the socio-economic upliftment of Scheduled Castes (SCs) and Scheduled Tribes (STs) through a dedicated Adi Dravidar and Tribal Welfare Department. Despite literacy levels among SCs (73.26 %) and STs (54.34 %)[4] remaining below the State average, sustained policy focus has been placed on education, infrastructure development, economic empowerment, and social justice enforcement to bridge historical disadvantages.

6.15.2 The Scheduled Caste Sub-Plan and Tribal Sub-Plan provide the institutional backbone for a comprehensive set of interventions, including welfare schools and hostels, scholarships, house-site pattas, housing and basic amenities, skill development training, and enforcement of protective legislations such as the Prevention of Atrocities Act. In 2024–25, over 1,138 Adi Dravidar schools served more than 77,000 students, supported by 1,331 hostels accommodating nearly 99,000 beneficiaries. Tribal education was strengthened

3 https://www.newindianexpress.com/states/tamil-nadu/2025/Sep/30/pds-on-doorsteps-only-50-received-it-at-home

4 2011 Census

through 328 schools, including eight model schools. Post-matric scholarships amounting to Rs. 1,203.52 crore supported over 1.36 lakh SC students, alongside pre-matric, higher education scholarships and free bicycles for higher secondary students.

6.15.3 A significant recent initiative is the **Annal Ambedkar Higher Education Assistance Scheme**, which supports SC/ST students pursuing postgraduate and research programmes in leading foreign universities with assistance of up to Rs. 36 lakh per annum. Launched in 2021–22, the scheme has expanded rapidly, with around 385 students supported by 2025-26 marking a shift from access-based welfare to aspiration-led empowerment and global human capital formation.

6.15.4 Habitation-level infrastructure has been strengthened under the **Iyothee Thass Pandithar Habitations Development Scheme** through roads, water supply, housing facilities, and free house-site pattas. Budgetary support remains substantial, with allocations of Rs. 3,233.85 crore for SCs and Rs. 681.83 crore for STs in 2024–25 and utilisation nearing 100 %, reflecting strong administrative capacity.[5]

6.15.5 Going forward, the focus must move from expenditure to outcomes as ensuring measurable empowerment will be critical to aligning SC/ST advancement with Tamil Nadu's overall development trajectory.

6.16 Welfare of Backward Classes, Most Backward Classes, and Minorities

6.16.1 Tamil Nadu's welfare framework for Backward Classes, Most Backward Classes, Denotified Communities, and Minorities is among the most comprehensive in the country, anchored in a robust 69 % reservation system and supported by steadily rising budgetary allocations. A wide range of scholarships, hostels, educational institutions such as Kallar Reclamation Schools, and targeted welfare boards have significantly expanded access to education, housing, and social support. Institutional mechanisms such as TABCEDCO, TAMCO, and TALMEDCO have strengthened economic empowerment through loans, entrepreneurship support, and self-employment schemes, while minority-specific initiatives, including hostels, pilgrimages, and religious infrastructure support, have reinforced inclusivity. Going forward, the focus must again shift from coverage to outcomes to strengthen the socio-economic advancement for these communities.

5 Adi Dravidar and Tribal Welfare (ADTW) Department Policy Note

6.17 Conclusions

6.17.1 Tamil Nadu's development experience demonstrates that social justice has functioned not as a by-product of growth but as one of its central drivers. By institutionalising education, health, food security, and social protection as enforceable social rights rather than residual welfare provisions, the State has enabled historically excluded groups—including women, Scheduled Castes and Scheduled Tribes, first-generation learners, and rural households—to participate in modern economic sectors. Sustained public investment in schooling, higher education, nutrition, and healthcare has expanded human capabilities at scale, reflected in near-universal school enrolment, broad-based access to tertiary education, and extensive nutrition programmes. These interventions have done more than alleviate deprivation: they have reduced household risk, stabilised consumption, broadened aspirations, and strengthened labour productivity. In turn, they have supported structural transformation and sustained domestic demand, challenging the conventional dichotomy between equity and efficiency by demonstrating that rights-based social policy can serve as foundational economic infrastructure.

6.17.2 As the state confronts demographic ageing, rapid urbanisation, climate stress, and technological change, the central challenge lies in transitioning from access-led expansion to quality-driven and productivity-enhancing social investment. This entails strengthening public health systems for chronic and geriatric care, expanding life-cycle skill formation and digital literacy, and managing urban transitions through investments in housing, mobility, and basic services, while simultaneously securing fiscal space for inclusive welfare amid evolving intergovernmental fiscal constraints. Meeting these demands requires not retrenchment but strategic renewal: programmes must become more outcome-oriented, resilient to shocks, and aligned with emerging socio-economic realities, with greater emphasis on effectiveness and long-term returns rather than coverage alone. The coming decade will test the adaptability of Tamil Nadu's social development model; yet its experience continues to affirm that social justice is not a fiscal burden on development but a core catalyst of productivity, dignity, and shared prosperity.

Chapter 7

Infrastructure and Energy

7.1 Introduction

7.1.1 Tamil Nadu has been experiencing rapid urbanization. Urbanization presents a structural challenge for infrastructure provision in so far as the rapid concentration of population and economic activity tends to exceed the absorptive capacity of existing planning and financing systems.

7.1.2 The expansion of urban economies generates simultaneous demand for transport networks, housing, water and sanitation systems, energy supply, and digital connectivity, requiring coordinated, capital-intensive investments. However, fiscal constraints and market rigidities impede timely infrastructure delivery. The problem is compounded by uncertainty surrounding migration flows and environmental risk, which complicates demand forecasting and investment prioritisation.

7.1.3 Infrastructure remains a core driver of Tamil Nadu's economic growth, supporting productivity, mobility, urbanisation, and service delivery. The State continues to prioritise capital investment to strengthen sectoral infrastructure. Capital expenditure for 2025-26 is projected at Rs. 57,231 crore, a 22.4% increase over 2024-25, covering transport, energy, roads and bridges, urban development, water supply, water bodies, and social infrastructure.

7.1.4 With expanding infrastructure networks, the focus is shifting from individual assets to integrated systems. Rapid urban growth, rising mobility demand, climate-risks, and service expectations require resilient, efficient, and adaptive infrastructure. Digital tools, data systems, and coordinated planning are increasingly critical for design, implementation, and maintenance.

This chapter reviews 2025-26 infrastructure performance, highlighting capital expenditure, key initiatives, and implementation progress.

I. Urban Infrastructure

7.2 Industrial & Economic Corridors

7.2.1 Tamil Nadu is the only State in India with all its districts covered under industrial corridor projects. Tamil Nadu Industrial Development Corporation Ltd. (TIDCO) is the nodal agency for the development of the Chennai–Bengaluru Industrial Corridor, Chennai–Kanyakumari Industrial Corridor, Kochi–Coimbatore–Bengaluru Industrial Corridor and the Defence Industrial Corridor in the State. As the designated nodal agency, TIDCO coordinates industrial and infrastructure development activities across these corridors with various Government agencies.

7.3 Road Based Public Transport

7.3.1 Tamil Nadu prioritises transport infrastructure for economic development and social inclusion, emphasising sustainability, affordability and institutional coordination to build a future ready transport ecosystem.

7.3.2 State Transport Undertakings (STUs) provide road-based public transport within Tamil Nadu and to neighbouring states. In Chennai, services are operated by the Metropolitan Transport Corporation (MTC), while six regional transport corporations manage inter district and municipal services. SETC (State Express Transport Corporation) is a specialized corporation within the Tamil Nadu STU system that exclusively focuses on long-distance, inter-city, and interstate travel (typically routes over 300 km).

7.3.3 Modernisation and greening of the public transport fleet are ongoing priorities. As of January 2026, MTC has put 780 new buses on road. MTC operates 255 electric buses. By February 2026, the target is 625 electric buses across five depots, featuring cameras, panic buttons, and USB charging. MTC plans to strengthen first and last mile connectivity to Metro stations, operating small buses on 25+ routes. Feeder services have been expanded via the mini-bus scheme, covering approximately 2,000 routes. Digital payment facilities were introduced across multiple districts in 2025-26, enabling cashless ticketing and improving commuter convenience.7.3.4 In November 2025, MTC launched the "Bus First" campaign to promote bus travel in Chennai, aiming to reduce congestion and pollution. The campaign includes a mobile bus exhibition across the city.

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Box 7.1 Comprehensive Mobility Reforms in Chennai

The Government of Tamil Nadu has approved Rs. 2.5 lakh crore Comprehensive Mobility Plan for Chennai Metropolitan Area, with a 25-year horizon. The plan prioritizes people over vehicles, expand public transport, and promote seamless multimodal integration. A central initiative is the Chennai One Mobility App, a unified digital ticketing platform supporting QR-based travel across MTC buses, Chennai Metro and suburban rail. Within days of launch, the app recorded more than 1 lakh downloads and 4,500 ticket bookings in a single day. All 2,900 MTC buses are integrated into the system, making a major step toward digital-firs, multimodal public transport in Chennai.

7.3.5 As part of its modernisation programme, the Metropolitan Transport Corporation has computerised bus scheduling at depots, enabled real-time data relay through the mobile application, and created commuter-facing infrastructure by installing digital display boards at key bus stops to provide real-time arrival and departure information. In parallel, GPS devices have been installed in phases across the entire fleet following the implementation of intelligent transport software. The commissioning of a modern Command and Control Centre has enabled commuters to track buses in real time through the Chennai Bus mobile application.

7.3.6 The World Bank report Chennai’s Urban Mobility Transformation commends MTC for operational and service delivery reforms. Under the Chennai City Partnership, MTC aims for financial sustainability by improving fleet utilisation to 87%, deploying 1,000 electric buses under the GCC model, and modernising 3,833 buses with enhanced multimodal integration.

7.4 Expressways

7.4.1 The 10.1 km G.D. Naidu flyover in Coimbatore was inaugurated in October 2025. The flyover was constructed over a period of five years at a cost of ₹1,791.23 crore. The project comprises a four-lane main carriageway and a six-lane expanded road at ground level, along with eight up and down ramps located at four points. Being the longest flyover in South India, the structure incorporates features such as sinus plate expansion joints, rainwater harvesting systems in every span to enhance groundwater recharge, drip irrigation on the flyover, sprinkler irrigation at ground level, and energy efficient lighting.

7.4.2 Chennai - Bengaluru expressway project is expected to be completed this year.

7.4.3 The Central Government has approved a realignment of the Chennai–Surat Expressway under the Bharatmala Pariyojana, reducing its planned length from about 1,271 km to nearly 900 km, with the corridor now proposed to end at Nashik rather than Surat. This modification has been attributed to land acquisition constraints and delays in securing environmental clearances in the Nashik–Surat stretch. Notwithstanding the shorter alignment, the six-lane, access-controlled expressway continues to be envisaged as a key corridor for enhancing high-speed connectivity between southern and central India.

7.4.4 The Chittoor–Thatchur Expressway (NH-716B) is a 116.1 km, six-lane access-controlled greenfield corridor linking Chittoor in Andhra Pradesh with Thatchur in Tamil Nadu and connecting to the Chennai Peripheral Ring Road. Developed at a cost of ₹3,998 crore under Bharatmala Pariyojana Phase I, the project is intended to provide direct, congestion-free access to the Kamarajar and Kattupalli ports. As of early 2026, around 80% of construction has been completed, with most stretches nearing readiness for traffic. The expressway is expected to be fully operational by December 2026, with select sections likely to open earlier.

7.4.5 The Tamil Nadu State Highways Authority has proposed a 14.2 km four lane elevated corridor between Thiruvanmiyur and Uthandi along the East Coast Road at an estimated cost of ₹2,100 crore. International tenders have been floated for the toll-based corridor, which is designed to cover 13 major congested junctions and reduce travel time on the stretch from about one hour to 15 to 20 minutes, while also providing an alternate route to ease traffic pressure on the OMR.

7.4.6 The double-decker elevated corridor between Maduravoyal and Chennai Port is under construction and is expected to be completed in the first half of 2027. The project aims to ease traffic congestion along a key urban freight and commuter corridor in Chennai.

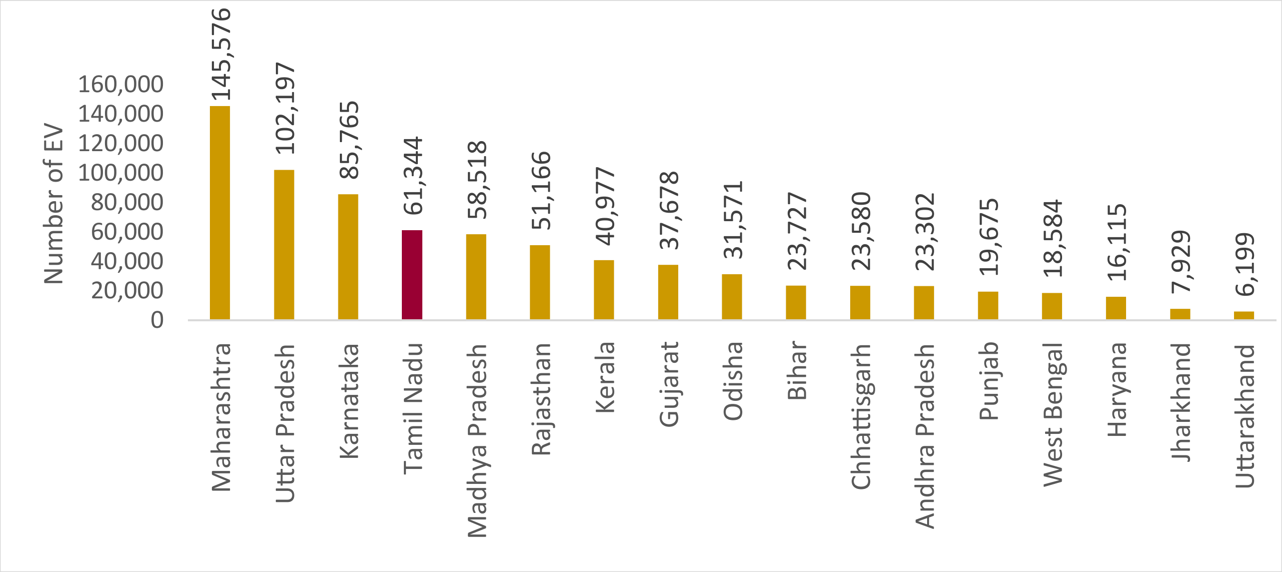
7.5 Electric Vehicle Infrastructure

7.5.1 Tamil Nadu is India's fastest-growing EV manufacturing hub. Global players such as Ola Electric, Ather Energy, BYD, TVS, Vinfast, Ampere, and several battery companies have set up factories in the state.

7.5.2 According to India Electric Mobility Index (IEMI) by Niti Aayog, Tamil Nadu ranks second in EV Research and Innovation Status while ranking 12th in Charging Infrastructure and readiness and 14th in Tranport Electrification Progress.

7.5.3 Tamil Nadu has revised its Electric Vehicle Subsidy Policy this year, bringing major updates. The policy provides subsidies of up to ₹10,000 for electric scooters and ₹20,000 for high-performance electric motorcycles, along with road tax and registration fee exemptions for electric cars, special incentives for women, students, and delivery workers, a five-year interest subsidy on commercial EV loans, and additional support for fleet operators such as taxis and logistics services. In 2024-25 Tamil Nadu ranked fourth in number of electronic vehicles registrations with 61,344 vehicle registrations, next only to Maharashtra (1,45,576), Uttar Pradesh (1,02,197) and Karnataka (85,765) .

Fig 7.1: Electric Vehicle Registrations in 2024-25



Source: Parivahan Portal

7.5.4 Greater Chennai Corporation has launched a major initiative to promote clean mobility by installing electric vehicle (EV) charging stations in prominent public spaces. Implemented in partnership with Tamil Nadu Green Energy Corporation Limited and Relux Electric Private Limited, the first phase will establish 9 stations in high-footfall areas, each accommodating 2 cars and 3 two-wheelers simultaneously, with fast charging facilities for four wheelers. This marks the start of a broader State plan to deploy 500 EV charging stations across Tamil Nadu, prioritising accessible public locations to encourage widespread EV adoption.

Box 7.2 Support for Electric Mobility and Gig Workers

To promote EV adoption among informal sector workers, the State has launched a scheme through the Tamil Nadu Platform Based Gig Workers Welfare Board and has allocated a total of Rs. 4 crore. The scheme provides Rs. 20,000 subsidy to 2,000 registered gig workers for purchasing new electric two-wheelers, reducing the upfront cost of transition. Additionally, the State plans roadside facilities at 10 locations on State highways, offering EV charging, power supply, food stalls, restrooms, first aid, and basic accommodation to support long-distance EV travel and commercial logistics.

7.6 Vehicle Registrations

7.6.1 According to Vahan Portal, till 2025, Tamil Nadu recorded 3.51 crore new vehicle registrations, underscoring strong demand from rising incomes, urbanisation, and increased goods movement. The State also processed 1.01 crore service transactions during the year. Revenue collection reached Rs. 10,679 crore in 2025, highlighting the transport sector's significant fiscal contribution. Registrations, transactions, permits and revenue were concentrated in major hubs such as Chennai (West, South and Central), Tambaram, Poonamallee, Coimbatore (North and South) and Salem, driven by industrial activity and high population density.

7.7 Railways and Metrorail

7.7.1 Tamil Nadu's railway sector is expanding rapidly, driven by rising passenger demand, investment in new lines and doubling projects, improved suburban connectivity, and modern logistics services. The Southern Railway zone, headquartered in Chennai, oversees extensive operations with nearly 1,000 trains running daily from Chennai, including over 170 passenger services.

7.7.2 Southern Railway carried 57.9 crore originating passengers during 2025-26, registering a 6.2% increase over the previous year, while maintaining 92% punctuality. During the year, 3,570 special train trips were operated in addition to regular services. The Southern Railway revenue had a steady growth during 2025-26 (9 months up to December), with gross earnings of Rs. 9,846 crore, an increase of 7.5% over the corresponding period of the previous year.

7.7.3 Chennai Division spans 699 kms with 157 stations (117 km and 15 stations in AP). Freight handled is about 14.868 million tons annually. The division operates 837 trains daily, including EMUs, serving 1.2 million passengers, with 213 suburban trains catering to commuters. The Chennai Division has launched a dedicated Parcel Cargo Express Train connecting Royapuram and Patel Nagar (Delhi) under a six-year contract with Rail Transport Corporation of India. Initially planned for two round trips per month, the service now operated twice weekly (Wednesdays and Sundays), covering 2,195 km carrying auto components, leather goods, handloom products, tyres and courier consignments.

7.7.4 Southern Railway has also launched a first of its kind coast to coast parcel express service linking Tamil Nadu and Kerala. Operating Royapuram and Mangaluru Central, it uses ten highcapacity parcel vans and two luggage-cum brake vans to transport white goods, perishables, consumer products, and industrial materials. The service offers faster, cost-effective and eco-friendly alternatives to road logistics.

7.8 Chennai Metro Rail Phase II

7.8.1 Chennai Metro Rail Phase II is India's largest ongoing metro rail project, spanning 118.9 km at an estimated cost of Rs. 63,246 crore. It comprises three corridors: Madhavaram-SIPCOT (45.8 km), Lighthouse-Poonamallee Bypass (26.1 km), and Madhavaram-Sholinganallur (47 km), with a total of 128 stations.

7.8.2 Metro usage continue to grow, with 93.27 lakh passengers in October 2025 and 9.32 crore passengers in the financial year up to October. As on February 01, 2026, station-wise passenger flow on Metro Line 02 shows a clear concentration of ridership at major interchange and terminal stations, with Chennai Airport recording the highest passenger volume.

7.8.3 Chennai Metro Rail Limited is revising the commissioning plan for Corridor 5 under Phase II following the completion of trial runs on the Vadapalani to Poonamallee depot section, which is proposed to enter commercial service by February. Corridor 5, also known as the Red Line, is a 47 km corridor connecting Madhavaram and Sholinganallur.

Box 7.3 Metro and Regional Rapid Transit Expansion

In Tiruchirappalli, Chennai Metro Rail Limited has prepared two metro corridors totalling 45 km. The State also submitted Detailed Project Reports for metro projects in Coimbatore (Rs. 10,740 crore) and Madurai (Rs. 11,368 crore). The Union Government, however, cited the 2017 Metro Rail Policy population requirement of 2 million, noting Coimbatore (15.84 lakh) and Madurai (15 lakh) fall short. Tamil Nadu argued that metro projects were approved for smaller cities like Agra, Patna, and Bhopal, and for Tier II cities such as Kanpur, Nagpur, Pune, Indore, and Surat, highlighting the need to consider Coimbatore and Madurai due to their rapid growth. The State also plans regional rapid transit solutions with semi-high-speed rail services (160km/h). Feasibility studies by Chennai Metro Rail Limited will cover: Chennai-Villupuram via Chengalpattu and Tindivanam (167 km); Chennai-Vellore via Kanchipuram (140 km); and Coimbatore-Salem-Tiruppur-Erode (185 km). Studies will also assess ropeway-based transport in Mamallapuram, Udhagamandalam and Kodaikanal to improve tourism, while safeguarding ecological zones.

7.9 Merger of MRTS with Chennai Metro Rail Limited

7.9.1 In 2025, a major institutional reform was approved with the transfer and merger of the Chennai Mass Rapid Transit System (MRTS) with Chennai Metro Rail Limited (CMRL). The MRTS operates 20 km corridor from Chennai Beach to Velachery, along with a 5 km extension to St. Thomas Mount, carrying about one lakh passengers daily. The transfer covers all MRTS assets, including tracks, bridges, signaling and electrification systems, land and buildings. State-funded assets are being transferred directly to the Government of Tamil Nadu and CMRL, while Southern Railway land will be leased to the State.

7.10 Civil Aviation

7.10.1 Tamil Nadu's airport network is relatively well distributed regionally, with major facilities spread across the north, west, centre, and south of the State rather than being concentrated in a single corridor.

7.10.2 Tamil Nadu plays a key role in India's aviation network, with four international airports (Chennai, Trichy, Coimbatore, Madurai) and two domestic airports (Salem and Tuticorin), providing strong regional and international connectivity. These airports support industrial exports and passenger mobility, positioning the State as a major aviation hub in southern India.

7.10.3 To support airport expansion and modernisation, land valued at Rs. 2,938 crore has been acquired and handed over to the Airports Authority of India (AAI) for ongoing projects at Chennai, Coimbatore, Madurai, Tiruchirappalli, and Thoothukudi airports. Additional land

acquisition worth Rs. 350 crore is underway for Salem Airport. Work on the proposed Greenfield Airport at Parandur, near Chennai, has been fast-tracked and a new airport has been proposed at Rameswaram – where AAI has begun the pre-feasibility study and two sites have been shortlisted (Uchipulli and Keelakarai).

Table 7.1: Aircraft movements & passengers across Tamil Nadu: International and Domestic

	Dec 2025		Dec 2024		% change	
	Intl aircraft movements	Intl Passengers	Intl aircraft movements	Intl Passengers	Intl aircraft movements	Intl Passengers
Chennai	3,668	5,45,701	3,397	5,32,012	8.00%	2.60%
Coimbatore	149	23,771	206	29,725	-27.70%	-20.00%
Trichy	797	1,23,134	851	1,24,109	-6.30%	-0.80%
Madurai	140	20,546	165	23,269	-15.20%	-11.70%
	Dec 2025		Dec 2024		% change	
	Domestic aircraft movements	Domestic Passengers	Domestic movements	Domestic Passengers	Domestic movements	Domestic Passengers
Chennai	9,044	13,64,727	10,683	15,28,623	-15.30%	-10.70%
Coimbatore	1,552	2,40,689	1,841	2,61,141	-15.70%	-7.80%
Trichy	709	62,921	694	47,065	2.20%	33.70%
Madurai	824	96,221	1,084	1,07,191	-24%	-10.20%
Tuticorin	310	20,296	306	18,917	1.30%	7.30%
Salem	182	9,095	194	10,622	-6.20%	-14.40%

Source: Airports Authority of India. Note: Data pertains to international and domestic aircraft movements and passengers handled up to September of each year.

7.10.4 Chennai International Airport's Phase II expansion, costing Rs. 1,207 crore, is scheduled for completion and includes a new 86,135 sq. m terminal with upgraded passenger processing systems. Phase I, covering 1.49 lakh sq. m at a cost of Rs. 1,260 crore, was commissioned in April 2023. Upon completion of both phases, the airport will operate four integrated terminals with a capacity of over 3.5 crore passengers annually and more than 500 aircraft movements per day.

7.10.5 At Tiruchirappalli International Airport, nearly 90 % of land acquisition has been completed for extending the runway from 8,136 ft to 12,500 ft. Thoothukudi Airport has completed a major upgrade, including extension of the runway to 3,115 metres, introduction of night-landing facilities and commissioning of a 17,340 sq. m Chettinad-style terminal with 21 check-in counters, 3 aerobridges and an increase in passenger handling capacity from 156 to 1,400 passengers per hour. At Coimbatore International Airport, AAI is developing a 75,000 sq. m terminal, expanding aircraft bays and taxiways, and proposing a runway extension to 3,800 metres.

7.10.6 The Tamil Nadu government has suffered a setback in its plans to establish an airport in Hosur, as the Ministry of Defence has once again denied airspace clearance citing operational requirements of Hindustan Aeronautics Limited, which controls the region's airspace. The State had earlier sought relaxation in June last year and later submitted a detailed technical justification in November, but the request was rejected without discussions. Meanwhile, the Ministry of Civil Aviation has sought an impact study to assess whether the proposed airport would affect passenger traffic at Bengaluru or Salem airports, to be conducted by TIDCO.

7.10.7 Based purely on connectivity gaps and economic geography, priority should be given to developing new airports in the east coast delta region (Nagapattinam-Mayiladuthurai-Karaikal) and the far south-west belt (Tenkasi-Sankarankovil-Western Ghats edge). While these regions may not generate immediate international traffic, they present strong potential for regional airports to support balanced development and improve accessibility.

7.10.8 Bengaluru Airport continues to exceed Chennai International Airport's international passenger traffic in South India, handling 694,550 passengers in December 2025.

7.11 Ports

7.11.1 Tamil Nadu's port sector continued to expand steadily, supported by improvements in cargo handling, hinterland connectivity and logistics infrastructure. Chennai Port Authority and Kamarajar Port Limited together handled 103.37 million metric tonnes (MMT) of cargo, in FY 2024-25, registering a combined year-on-year growth of 6.7 %. Chennai Port handled 54.96 MMT, recording a 6.5 % increase, while Kamarajar Port handled 48.41 MMT, continuing its positive growth momentum.

7.11.2 V.O. Chidambaranar Port Authority has entered into a joint venture with the Government of Tamil Nadu to develop a large shipbuilding and heavy industries cluster at Tuticorin, marking a significant step towards strengthening India's domestic maritime manufacturing capabilities.The port authority announced that a special purpose vehicle titled **National Shipbuilding and Heavy Industries Park, Tamil Nadu** has been incorporated as a 50:50 partnership between VOCPA and the State Industries Promotion Corporation of Tamil Nadu. The proposed cluster will focus on the development of commercial shipbuilding and ship repair facilities, along with allied heavy industries, with the objective of enhancing domestic capacity and reducing dependence on overseas shipyards.

Table 7.2: Details of Ports in Tamil Nadu

Port Type	Port Name	Location	Key Features & Activities
Major Ports	Chennai Port	Chennai	Second largest Indian port, major container and cargo hub; handles textiles, leather, industrial goods
	Kamarajar Port (Ennore Port)	Near Chennai	Corporatized port, bulk cargo including coal, petroleum; thermal power imports
	Tuticorin Port (VOC Port)	Thoothukudi	Fourth largest container terminal, exports salt, fertilizer, coal; significant regional trade
Non-Major Ports	Cuddalore Port	Cuddalore	Mainly handles coal, petroleum products
	Nagapattinam Port	Nagapattinam	Fishing harbor and minor cargo handling
	Porto Novo Port	Parangipettai	Minor port for regional trade
	Thoothukudi Fishing Harbour	Thoothukudi	Fishing harbor
	Other Small/ Intermediate Ports	Various coastal locations	Handling local cargo, fisheries, and small trade

7.11.3 The financial performance of Tamil Nadu's major ports remained strong in 2024-25, with combined operational income exceeding Rs. 2,200 crore. Chennai Port recorded revenues of Rs. 1,094.34 crore, while Kamarajar Port generated Rs. 1,138.42 crore. Kamarajar Port also achieved a record Profit After Tax of Rs. 539.33 crore, crossing the Rs. 500 crore mark for the first time, supported by higher capacity utilisation, improved efficiency and sustained demand from energy and bulk cargo segments.

7.11.4 A major initiative is the Multi-Modal Logistics Park at Mappedu in Tiruvallur district, being developed over 184.27 acres at a cost of Rs. 1,424 crore. The project will provide integrated freight handling, warehousing, value-added services and road-rail connectivity. Phase 1 is expected to reduce logistics costs for industrial clusters in Chennai, Sriperumbudur, Oragadam and Tiruvallur, while strengthening export competitiveness through Chennai and Kamarajar ports.

7.11.5 Overall, the maritime sector's performance in 2024–25 reflects sustained investment in port efficiency, rising industrial output and strengthening of logistics network. With ongoing port expansions, the upcoming Mappedu Multi-Modal Logistics Park and improvements in operational capacity, Tamil Nadu is well positioned to consolidate its role as a leading gateways for India's international trade.

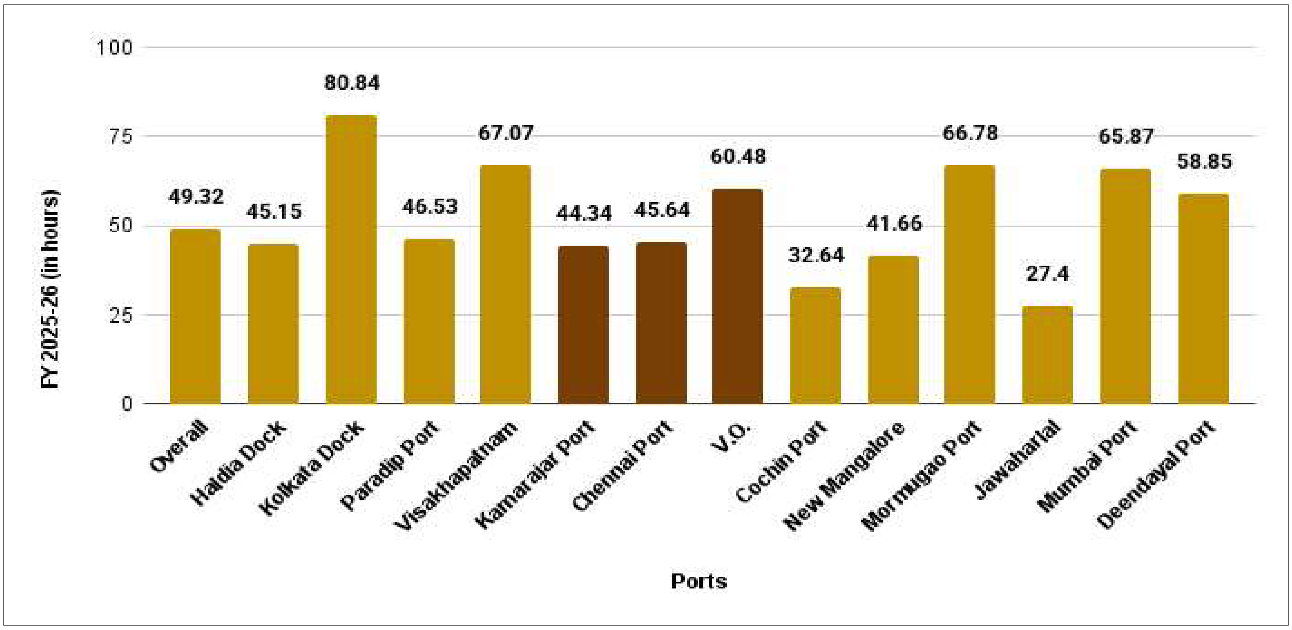
Table 7.3: Major Port-wise Monthly Cargo handled

Name of Ports		December 2024	December 2025		Percentage change in Dec 2025 over Dec 2024
		Cargo handled (Provisional)	Cargo handled (Advanced estimates)	Percent Share	
Kamarajar	Overseas	23,57,582	24,67,104	3.92	4.65
	Coastal	18,38,727	18,50,606	9.95	0.65
	Total	41,96,309	43,17,710	5.3	2.89
Chennai	Overseas	48,16,473	46,38,958	7.38	-3.69
	Coastal	5,09,667	4,59,233	2.47	-9.9
	Total	53,26,140	50,98,191	6.26	-4.28
VOC	Overseas	19,38,959	28,98,873	4.61	49.51
	Coastal	8,83,647	7,56,875	4.07	-14.35
	Total	28,22,606	36,55,748	4.49	29.52

Source: Sagar Unnati Dashboard, Ministry of Ports, Shipping and Waterways

7.11.6 The average vessel turnaround time at India's major port is 49.69 hours. Chennai Port recorded an average turnaround time of 38-39 hours during April-October 2025, showing improvement over previous years due to digital tracking systems and berth expansion.

Figure 7. 2 Average Turnaround Time of Major Ports in India



Source: Data from Sagar Unnati Dashboard, Ministry of Ports, Shipping and Waterways

7.11.7 Vessel Turnaround time at Chennai Port has improved significantly from 2.5-3 days historically to 38.34 hours during April-October 2025. Under the Maritime India Vision 2030, the port targets turnover around time of under 20 hours. Container handling productivity averages 20-25 crane moves/hour, compared to 40-45 moves in Singapore. The commissioning of the Second Container Terminal has increased Chenai Port's container handling capacity to 2.2 million TEUs.

7.11.8 In terms of global efficiency rankings, Chennai ranks 80th, while Kamarajar Port ranks 47th, with an average vessel turnaround time of 35.90 hours.

7.12 Digital Infrastructure: TANFINET

7.12.1 The BharatNet project is being implemented in the State by TANFINET with the support of the Union Government. The project envisages providing Optical Fibre Cable (OFC) connectivity to 12,525 Gram Panchayats. Connectivity has been extended to around 11,800 villages, with the entire network completed in approximately 10,000 villages. The Chief Minister, while addressing the Gram Sabha meetings held on October 11, utilised the BharatNet-TANFINET.

7.13 Urban water supply

7.13.1 In Chennai, 50 free smart water ATMs were launched in June. Equipped with IoT based technology, the water dispensing units worth ₹6.04 crore have been set up at public places including bus stands, government hospitals, commercial spaces and near educational institutions.

7.13.2 Under Jal Jeevan Mission-aligned schemes, 1,11,45,898 rural households have been provided with drinking water pipeline connections, with 13,80,767 more in progress. The status of drinking water supply in corporations and municipalities is detailed below.

Table 7.4 : Status Of Drinking Water Supply in Corporations and Municipalities

Urban Local Bodies	Litres Per Capacita Daily (LPCD)	No. of ULBs
Corporations	Above 135	7
	110-134	7
	70-109	9
	Below 70	1
Municipalities	Above 135	9
	110-134	18
	70-109	98
	Below 70	12
Total		**161**

Source: Municipal Administration and Water Supply Department Policy Note 25-26

7.14 Rejuvenation of Water Bodies

7.14.1 The details of water bodies located in the corporations and municipalities as per the State level Survey are given below:

Table 7.5: Water Bodies Located in The Corporations And Municipalities

SI. No	Urban Local Bodies	No. of Water Bodies
1	Corporations	603
2	Municipalities	1,874
Total		**2,477**

Source: Municipal Administration and Water Supply Department Policy Note 25-26

7.14.2 Mamallan Drinking Water Reservoir Project: Given the limited scope for developing additional surface water sources in Chennai and much of Tamil Nadu, the State Government has proposed the ₹342.6-crore Mamallan Drinking Water Reservoir Project to augment Chennai's water supply. The proposed reservoir, located near Mamallapuram in Chengalpattu district, is designed to harness surplus flows from the Manamathy group of tanks and the Kovalam sub-basin.

7.15 Artificial Groundwater recharge Programme

7.13.1 According to the Tamil Nadu Groundwater Resource Assessment 2024, 392 out of 1,202 firkas are classified as over-exploited, with groundwater extraction exceeding 100 % of annual recharge, marginally lower than 395 firkas in 2023. Districts with high extraction rates, including Ranipet, Vellore, Tirupattur, Salem, Dharmapuri and Villupuram, have been prioritised. The Water Resources Department (WRD) has approved a large-scale project for the installation of artificial recharge shafts to enhance groundwater percolation and stabilise the water table in over-exploited and critical blocks across the State. Under the project, about 576 recharge shafts will be installed in 23 districts. These structures are expected to minimise evaporation losses and accelerate recharge compared to natural processes. The impact of each recharge shaft is expected to extend over a radius of 500 metres to 1 kilometre.

7.16 Streetlights

7.16.1 A total of 9.5 lakh streetlights are maintained across 24 corporations (excluding Greater Chennai Corporation) and 137 municipalities. Additional streetlights are being provided to meet the standard of one streetlight every 30 metres. Considering the LUX values, wattage, safe installation, maintenance and environmental safety, energy efficient LED streetlights are being installed in ULBs to reduce energy consumption by 40%.

7.16.2 A total of 32,364 km of roads are maintained in corporations and municipalities. Funds under various schemes are allotted for priority restoration of roads older than 5 years. Details of urban roads are given in the following table:

Table 7.6: Details of Urban Roads

SI.No	Classification of roads	Total Length (in km)	Percentage
1	Cement Concrete Roads	7,043	22
2	BT Roads	20,581	64
3	WMM Roads	207	1
4	Earthen Roads	2,471	7
5	Paver Blocks and other roads	2,062	6
Total		**32,364**	**100**

Source: Municipal Administration and Water Supply Department Policy Note 25-26

7.16.3 During the period 2021-22 to 2024-25, 65,184 roads works covering 11,177.23 km were undertaken under Kalaignar Nagarpura Mempattu Thittam, Capital Grant Fund, Tamil Nadu Sustainable Urban Development Project and State Finance Commission Grants.

7.17 Bus Stands

7.17.1 A total of 184 bus stands are being maintained across various corporations and municipalities, as given in Table below:

Table 7.7: Bus Stands Across Various Municipalities and Corporations

Grade	Number of Bus Stands		
	Corporations	Municipalities	Total
A	21	14	35
B	11	42	53
C	5	63	68
D	6	22	28
Total	**43**	**141**	**184**

Source : Municipal Administration and Water Supply Department Policy Note 25-26

Note: The corporations and municipalities are classified into different grades based on population and annual income respectively.

7.17.2 Panjappur Integrated Bus Terminus, Tamil Nadu's first and largest fully air-conditioned bus terminus, was inaugurated in 2025 and is now operational for both mofussil and city buses. Additionally, between 2022-25, 18 new bus stands (Rs. 176.27 crore) and 45 upgrades (Rs. 146.53 crore) were sanctioned under Kalaignar Nagarpura Mempattu Thittam, Capital Grant Fund and Operation and Maintenance Deficit Grant Fund.

7.18 Parks

7.18.1 During the period 2021-22 to 2024-25, 466 parks were improved under Kalaignar Nagarpura Mempattu Thittam, Namakku Naame Thittam, Capital Grant Fund, 15th Finance Commission Grants and AMRUT 2.0 at a total cost of Rs. 182.13 crore.

Box 7.4 Climate Resilient Infrastructure: Sponge Parks

Sponge parks are green spaces that absorb rainwater and stormwater through permeable surfaces, helping recharge aquifers and reduce waterlogging and flash floods.

In Chennai, 57 sponge parks were constructed in 2023–24, with 30 more planned for 2024-25. The 2025-26 Budge allocated Rs. 88 crore for seven additional parks, including one at R.A. Puram Playground with permeable pavements, drains, and filtration systems.

The Chennai Metropolitan Development Authority plans sponge parks at Thoraipakkam Corporation Park and Elango Nagar playground (Rs. 9.45 crore) to manage rainwater, recharge groundwater, and reduce flooding, supporting long-term water resilience and climate adaptation.

II. Rural Infrastructure

7.19 Basic Infrastructure

7.19.1 Tamil Nadu has long prioritized rural development, aiming to provide rural residents with infrastructure and amenities comparable to urban areas. Recent initiatives cover roads, drinking water, housing, governance, sanitation, social equality, and employment, positioning the State as a leader in rural transformation. For rural development, the state had allocated Rs. 13,131.8 crore for 2025-26 (BE), which is 15% more than the actual expenditure for 2024-25, Rs. 11,403 (and Rs. 8,922 crore in 2023-24).

7.19.2 To strengthen local governance, administrative sanction limits have been raised: Village Panchayats from Rs.2 lakh to Rs.5 lakh, Block Panchayats from Rs.10 lakh to Rs.20 lakh, and District Panchayats from Rs.20 lakh to Rs.50 lakh. This empowers local bodies, reduces delays, and supports participatory planning.

7.19.3 A total of 600 Village Secretariats have been established to coordinate public service delivery. Special grants of Rs.69 crore have been provided to 690 panchayats near urban areas, and Rs.30 crore to 278 hilly panchayats to improve infrastructure and service delivery.

7.19.4 Anaithu Grama Anna Marumalarchi Thittam (AGAMT), inducted in 2006, aims to improve the overall basic infrastructure facilities in all village panchayats in a phased manner. It was relaunched in 2021-22 as AGAMT-II. Rejuvenation of ponds, upgrading streets and lanes, installing streetlights, ensuring livelihood and marketing facilities, among others, are undertaken under this initiative. The second phase of the Anaithu Grama Anna

Marumalarchi Thittam was sanctioned Rs. 1,087 crore during 2025-26 to be implemented in 2,329 village panchayats – aiming to allocate a minimum of 30% funds for SC/ST habitation areas. The Revival of Rural Libraries Scheme renovated 7,924 libraries at Rs.176.02 crore, supporting literacy, education, and community access to knowledge, especially for students and women.

7.20 Rejuvenation of Minor Irrigation Tanks

7.20.1 Water management has been strengthened through revitalization of minor irrigation tanks. Of the 5,000 tanks targeted for 2024–25, 3,194 are being restored with State funding (Rs.213.07 crore) and 706 through NGOs and voluntary organisations (Rs.45.39 crore), improving irrigation, groundwater recharge, and climate resilience.

7.21 Rural Roads and Connectivity

7.21.1 Rural connectivity has expanded significantly. Under Mudalvarin Grama Saalaigal Membattu Thittam, 12,572 km of roads across 9,696 projects have been improved. Under the Pradhan Mantri Gram Sadak Yojana, 4,182 km of roads, 947 segments, and 83 bridges were undertaken. Under the NABARD Rural Infrastructure Development Fund 505 km of roads and 308 bridges have been completed..

7.22 Housing Infrastructure

7.22.1 Under Kalaignarin Kanavu Illam, 2 lakh concrete houses have been sanctioned (Rs.7,000 crore), with over 1 lakh houses completed. Hon'ble Chief Minister has announced the sanctioning of additional 1 lakh houses in the current year. Repairs to 1,48,634 rural houses were sanctioned (Rs.1,041.32 crore), with 1,03,177 completed. Reconstruction of pre-2000 houses under Mudhalamaicharin Veedugal Marukattumana Thittam is underway for 15,485 houses.

7.23 Sanitation and Drinking Water Supply

7.23.1 Since 2021, 3,38,357 Individual Household Latrines have been constructed. For households without space, 2,123 Community Sanitary Complexes (Rs.127.05 crore) and 6,684 Mini Community Sanitary Complexes near schools and public spaces (Rs.195.43 crore) have been established.

III. Energy

7.24 Power Demand

7.24.1 Tamil Nadu's energy sector is expanding to meet rising household, industrial, and service electrification demands. The State emphasizes reliable, high-quality power and leverages substantial renewable energy potential. It ranks third in India for total installed renewable capacity and second in wind power. The Government targets 50% of total energy consumption from renewables and a 70% reduction in carbon emissions by 2030, aiming for a resilient, low-carbon energy ecosystem.

7.24.2 Power demand continues to rise with industrial growth, urbanisation, and household electrification. Peak demand and daily energy consumption have increased year on year. To meet this, Tamil Nadu has expanded its electrical infrastructure—adding substations, HT and LT lines, and distribution transformer capacity. Initiatives such as the Mass Maintenance Programme and conversion of overhead lines to underground cables have improved service quality, reduced outages, and ensured voltage stability in low voltage and overloaded areas, strengthening the distribution network for reliable and uninterrupted power supply.

Figure 7.3 Peak Demand (MW) (2019-20 to 2024-25)

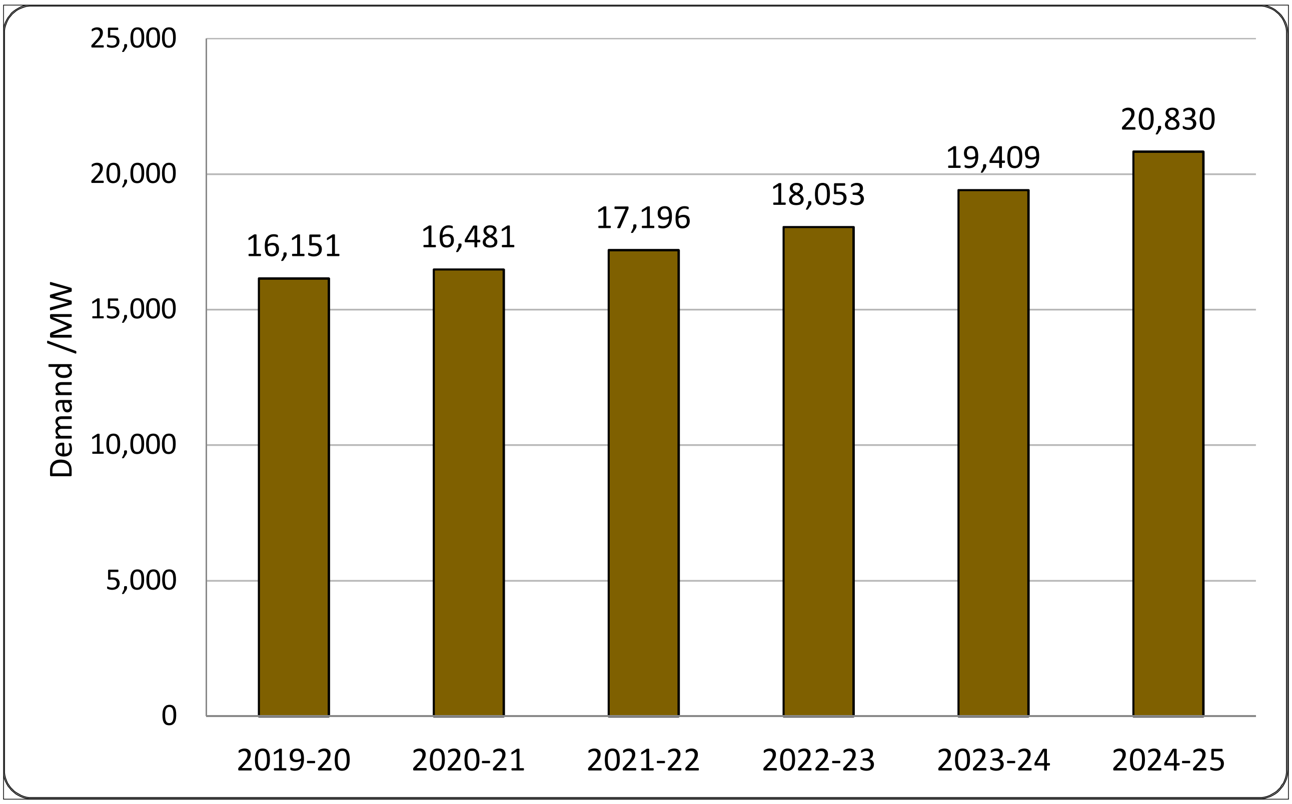
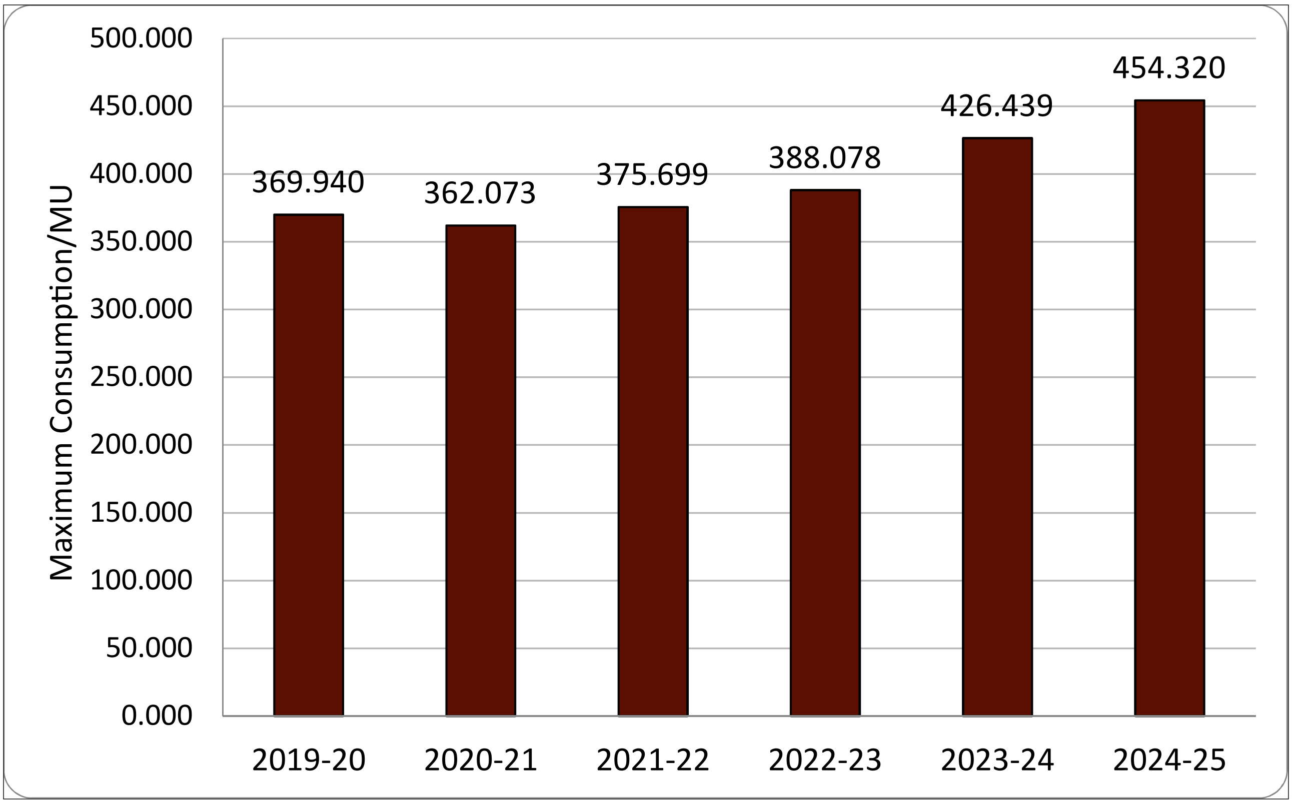


Figure 7.4 Maximum Consumption/MU (2019-20 to 2024-25)



Source: Energy Policy Note 25-26

7.24.3 Tamil Nadu Green Energy Corporation Ltd. (TNGECL) has received approval from the Tamil Nadu Electricity Regulatory Commission (TNERC) to procure 1,500 MWh of Battery Energy Storage Systems through tariff-based competitive bidding with e-reverse auction. The projects, equivalent to 375 MW with four-hour duration, will be set up at seven TANTRANSCO substations under the State component of the Union Ministry of Power's Viability Gap Funding scheme on a Build-Own-Operate basis for 15 years.

7.24.4 TNERC has also approved tenders for a 30 MW grid-connected solar photovoltaic project with a 30 MW / 90 MWh battery energy storage system in Karur and Thiruvarur districts, to be implemented in two blocks of 15 MW / 45 MWh each under the Build-Own-Operate model for 25 years. In addition, approval has been accorded for a 34.75 MW hybrid renewable energy project comprising 18.75 MW of wind and 16 MW of solar capacity at wind farm sites in Kayathar, Puliankulam and Muppandal.[1]

1 https://tnidb.tn.gov.in/media/tender_documents/cencesot-no-072025-26-dt13112025-RFS.pdf

Table 7.8: Installed Capacity of Tamil Nadu's Grid as on 01.04.2025

SI No	Category	Capacity in MW	
I	**Conventional Energy Sources**		
1	Thermal		5,120.00
2	Gas		408.20
3	Central Generating Stations (CGS)		6,953.00
4	Power Purchases		4,092.50
	Independent Power Projects (IPP)	1,105.50	
	Long Term Open Access (LTOA)	2,835.00	
	Medium Term Open Access (MTOA)	152.00	
5	CPP/Third party generators** (Approved open access quantum)		140.17
	Total Conventional		16,713.87
II	Renewable Energy Sources		
1	Hydro		2,323.90
	Non-Irrigation	1,032.65	
	Pumped Storage	400.00	
	Irrigation	891.25	
2	Wind**		9,331.37
3	Solar*** (STU connected - 9,006.27 MW, Roof Top - 1,003.346 MW)		10,009.61
	LTOA (through PSA with SECI)		500.00
4	Bio-mass - combustion		206.79
5	Co-Generation (Bagasse)		684.40
	Total Renewables		23,056.07
	Grand Total		39,769.94

includes North Chennai Stage III 1*800 MW

$ 50 MW Power Supply Agreement has expired on 09.04.2025

* : Open access quantum approved to the Fossil Fuel based Captive/Third party generators for wheeling power through TANTRASCO network to the EHT/HT consumers of TNPDCL

** : Excluding 2,030.49 MW of wind connected to CTU

*** : Excluding 150 MW of solar connected to CTU

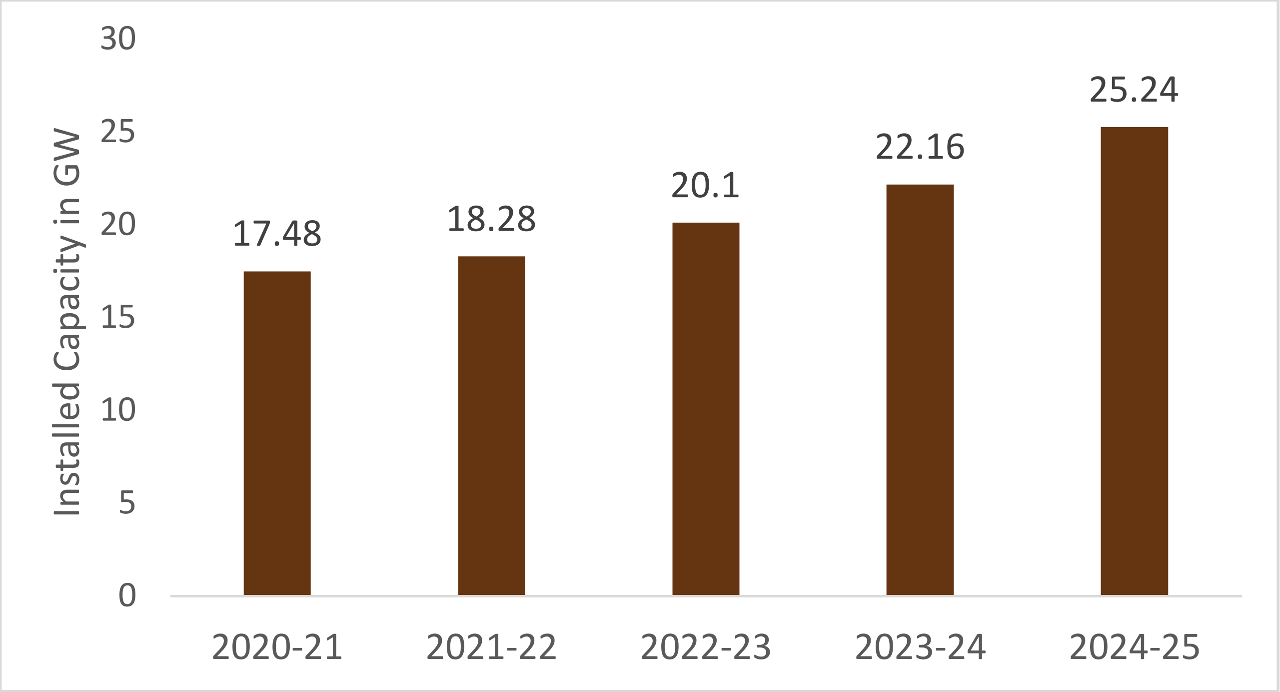
Source: Energy Policy Note 25-26.

7.25 Renewable Energy Status in Tamil Nadu

7.25.1 Over the years, Tamil Nadu has been able to make remarkable progress in the energy sector, emerging as one of the leading states contributing significantly to the expansion of renewable energy generation, as well as installed capacity in the country. As of 31st March 2025, the total installed capacity of the state stands at 25241.36 MW, placing it third among the states in the country after Gujarat and Rajasthan (see Figure 9.4). According to the Renewable Energy Statistics 2023-2024, the installation of Renewable Energy (RE) capacity exceeded that of the non-RE sector in Tamil Nadu as early as 2020-21. The contribution of RE to the state's total installed capacity significantly increased from 44.7% in 2017-18 to 55.49% by 2023-2024. Over the past decade, the renewable energy sector has experienced a remarkable transformation, with solar power assuming a central role overall with an increase in installations from 156.83 MW to 8,211.38 MW, marking an expansion of 5,135.85% and a Compound Annual Growth Rate (CAGR) of 55.24% between 2014 -15 and 2023 - 24. Wind energy also constitutes a major share of total renewable energy capacity in Tamil Nadu, with 11739.91 MW generated from wind power, making the state one of the largest contributors to wind power in the country. Table 9.2 below shows the renewable energy installed capacity in the state as of 30.11.2025.

7.25.2 Tamil Nadu stands as a leader in India's energy transition, with an increasing renewable energy capacity, which stands at 25,241 MW as of late 2025. Yet, a significant disparity exists between potential power generation and actual generation. While renewable energy constitutes a major part of the state's total installed capacity, they typically contribute only 25% to 27% of the total electricity consumed annually. This gap is primarily driven by the Capacity Utilization Factor (CUF). Unlike thermal power plants, which provide steady baseload power, solar and wind energy sources are intermittent, with solar energy supply being constrained by daylight and wind energy being susceptible to high seasonality. Furthermore, the state faces infrastructure bottlenecks where the existing grid cannot always transport surges of power from southern districts to northern industrial hubs. Since large-scale battery storage is still in its early stages of development, the state must maintain coal and nuclear plants to ensure a stable power supply. Additionally, the system often prioritizes stable power sources to prevent blackouts.

Figure 7.5: Renewable Energy Capacity: Over the Years in TN (top) and Across Top Five States (bottom)



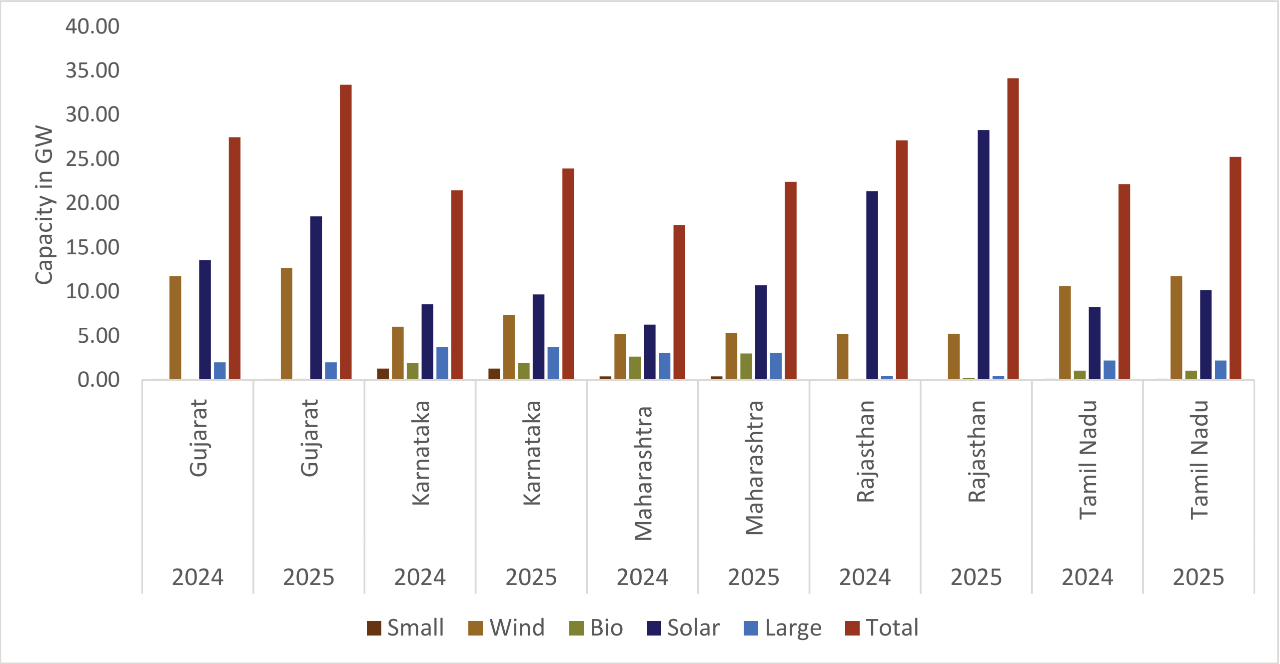


Table 7.9 Composition of Renewable Energy Capacity in TN – 2025 as of 30.11.2025

Source	Capacity in MW
Wind Power	12,014.34
Total Solar Power	11,516.39
Total Bio Power	1,046.62
Large Hydro Power	2,178.2
Small Hydro Power	123.05
Total RE Installed Capacity	**26,878.60**

Source: Ministry of New and Renewable Energy, State-wise (Location based) installed capacity of Renewable Power as on 30.11.2025.

Wind Energy

7.25.3 Wind energy forms the backbone of Tamil Nadu's renewable portfolio, with an installed capacity of 12014.34 MW and an estimated onshore potential of 95 GW. Annual generation is around 13,000 million units, meeting nearly 10% of the State's consumption. The State recorded its highest wind generation peak of 5,899 MW on 30 July 2024.

7.25.4 Tamil Nadu leads India in wind repowering, being the first State with a structured programme. One hundred older turbines have been repowered to 27.67 MW, and a total of 2,113 turbines (1,514.77 MW) will benefit from the 2024 Repowering, Refurbishment, and Life Extension Policy, expected to boost generation by 25%. The Muppandal Wind Farm remains one of the world's largest onshore wind farms, highlighting the State's long-term leadership in wind power.

Box 7.5 Renewable Energy Transition in Tamil Nadu

Tamil Nadu leads in wind and solar energy but faces structural and technological challenges. In wind, ageing low-capacity turbines from the 1990s occupy high-potential sites; repowering these requires upgraded infrastructure and clear decommissioning guidelines. Offshore wind potential is estimated at 35 GW, needing improved assessment, grid strengthening, and integration with storage and green hydrogen. Solar capacity is growing, yet remains a fraction of potential. Emerging technologies—bifacial modules, perovskite, dye-sensitized, nanocrystal-based, concentrated, and transparent solar cells—can improve efficiency and applications, but adoption depends on grid integration and commercial viability.

Energy storage is critical for managing renewable variability. Tamil Nadu has approved 500 MW (1,000 MWh) of standalone grid-scale Battery Energy Storage Systems (BESS) under TNGECL with Union Viability Gap Funding and plans an additional 1,000 MW. With a total installed capacity of ~44 GW (renewables ~55%), studies indicate ~13 GW of storage will be needed by 2035. Storage helps balance supply and demand, easing operational stress on thermal plants and supporting Renewable Purchase Obligation compliance through wind, solar, hybrid, and round-the-clock renewable procurement.

Offshore Wind

7.25.5 Tamil Nadu has one of the world's strongest offshore wind zones, with an estimated 35 GW potential between Kanyakumari and Nagapattinam. The State has approved procurement of 2,000 MW at Rs.4/unit, with the first 500 MW (3 MW turbines) under implementation. Offshore wind is expected to become a key component of the State's long-term energy mix as grid integration and transmission capacity expand.

Solar Power

7.25.6 Tamil Nadu ranks fourth in India for solar capacity, with 10,159.61 MW installed (rooftop and grid-connected) as of March 2025. The State recorded its highest solar peak of 6,579 MW on 16 February 2025 and generated 13,216 million units between April 2024 and February 2025. Rooftop solar continues to expand under net-metering frameworks, supported by Rs.28.40 crore in incentives, though production remains limited to daylight hours.

Battery Energy Storage Systems (BESS)

7.25.7 BESS enables time-shifting of solar generation, reducing dependence on thermal power. Two projects with combined investment of Rs.200 crore are expected to deliver a levellized tariff of Rs.6.49/unit, saving Rs.90 crore over 25 years. TNGECL plans 1,000 MWh under viability gap funding and an additional 4,000 MWh over the medium term. Storage is critical for grid stability, peak load management, and extending solar availability beyond daylight.

Hydro Power and Pumped Storage

7.25.8 Hydro supports reliability during peak demand and variable renewable output. In 2024–25, hydro generation target of 4,329 million units was surpassed by January. Key assets were restored or uprated: Kadamparai pumped storage, Kodayar II (40 MW), Moyar (12→14 MW), Kundah II, and mini powerhouses (256.61 million units). For 2025–26, hydro generation

target is 4,497 million units, with ongoing upgrades including penstock replacement and automated trash rack cleaning.

Thermal and Hydro Additions Under Execution

7.25.9 Thermal projects totaling 2,640 MW and hydro projects of 520 MW are underway to provide baseload support, complementing renewable generation and ensuring supply adequacy in 2025–26.

Coal Handling and Shipping Operations

7.25.10 Coal for thermal plants is transported from Paradip, Gangavaram, Dhamra, Vizag, and Gopalpur to Ennore, Tuticorin, and Karaikal. In 2023–24, 19 million tonnes were moved efficiently by sea, achieving a single-voyage record of 92,500 tonnes. Strategic vessel replacement and shifting bunkering operations saved Rs.63.86 crore. A web-based system monitors vessel movement, coal quantities, and payments, with further upgrades planned.

Green Energy Corridor

7.25.11 The Green Energy Corridor enables renewable power evacuation to load centres. Phase I was supported by Rs.529.31 crore from the National Clean Energy Fund and Rs.573.26 crore from KfW. Phase II, funded by Rs.237.52 crore (Union grant), Rs. 473.12 crore (KfW loan), and Rs.296 crore TANTRANSCO equity, will establish extra high-tension lines and substations to strengthen intrastate renewable transmission, reduce curtailment, and support the 50% renewable consumption target by 2030.

7.26 Conclusions

7.26.1 Tamil Nadu's infrastructure trajectory in 2025–26 reflects a shift from asset creation to systems-based development centred on scale, sustainability, and integration. Rising capital expenditure is strengthening transport, urban services, logistics, energy, and rural connectivity through digital platforms, institutional reforms, and climate-responsive design, signalling a transition toward resilient infrastructure. A people-centric mobility strategy—marked by electric buses, metro expansion, multimodal integration, and Chennai's Comprehensive Mobility Plan and One Mobility App—advances clean and inclusive transport, while rail scaling, MRTS–CMRL integration, logistics parks, port growth, and airport expansion reinforce the State's trade and connectivity role. Urban investments in water, sanitation, flood mitigation, and climate-adaptive design, alongside rural road upgrades, tank revitalisation, housing, and local governance programmes, promote liveability and spatial inclusion. Energy initiatives—anchored in wind and solar

leadership, storage, offshore development, pumped hydro, and transmission upgrades—support the transition to a reliable, renewable-heavy grid. Collectively, these efforts constitute a coherent model linking economic expansion with environmental responsibility, though outcomes will hinge on coordination, fiscal discipline, regulatory efficiency, and implementation capacity; if addressed, Tamil Nadu is positioned to consolidate its status as one of India's most advanced and resilient infrastructure economies.

Chapter 8

Modern Services and Tourism

8.1 Introduction

8.1.1 India is the world's seventh-largest exporter of services, with its share in global services trade more than doubling from 2% in 2005 to 4.3% in 2024 – as per the Economic Survey 2025-26. Digital technologies have enabled services to be delivered remotely, and scaled rapidly, reducing geographical constraints and generating new value, particularly in digitally enabled and knowledge-intensive activities.

8.1.2 Southern states, especially Karnataka, Kerala, Tamil Nadu, and Telangana, are among the most service-intensive economies. Supported by mature urban centres such as Bengaluru, Chennai, and Hyderabad, Karnataka, Tamil Nadu, and Telangana have consolidated their position as service-led economies. Tamil Nadu stands out for its relatively diversified services base spanning finance, healthcare, and logistics.

8.1.3 Tamil Nadu has a strong and diversified services economy anchored in financial services, real estate, and IT-enabled sectors, supported by higher urbanisation and relatively high per capita income. The services share in GSVA (nominal) increased from 50.5% in 2011–12 to 54.7% in 2024–25. This reflects strong integration across cities such as Coimbatore, Tiruppur, and Madurai, which function as hubs for technology, finance, logistics, healthcare, and education.

8.1.4 The IT and ITeS sector, particularly in Chennai, has expanded on the back of a skilled workforce and advanced infrastructure. Software export units, back-office operations, and fintech firms have driven growth in high-value services. Tamil Nadu's coastal location has further supported logistics development through multimodal infrastructure centred on the Chennai and Tuticorin ports.

8.2 Information Technology and Digital Services

8.2.1 Tamil Nadu continues to consolidate its position as a leading IT and ITeS destination. Chennai, Coimbatore and Hosur anchor a large software and back-office ecosystem supported by engineering talent robust digital infrastructure. Multiple submarine cable landing stations position Chennai as a major digital gateway, aligning with NITI Aayog's assessment of Tamil Nadu as an emerging hub for data centres, cloud services and digital innovation. These strengths have enabled growth of fintech, e-commerce, telemedicine and online public services.

8.2.2 To promote the growth of the IT sector in Tier II and Tier III cities of Tamil Nadu, TIDEL NEO Ltd. has floated tenders for the construction of mini TIDEL Parks in Tirunelveli and Kanniyakumari districts, at an estimated cost of ₹37 crore each. These mini TIDEL Parks are expected to generate employment opportunities for local youth in the respective regions. A mini TIDEL Park was inaugurated in November at Abdullapuram in Vellore district.

8.2.3 At present, Salem, Thanjavur, Thoothukudi, Villupuram, and Pattabiram near Avadi also host mini TIDEL Parks. The foundation stone was laid for a ₹37 crore TIDEL Neo Park in Tiruvannamalai, while mini TIDEL Parks in Virudhunagar and Nagapattinam were announced in 2025. In addition, tenders have been issued for a mini-TIDEL Park in the Nilgiris, which is expected to generate around 1,000 jobs.

8.3 Global Capability Centres

8.3.1 Tamil Nadu is positioning itself as a leading destination for Global Capability Centres, with growth extending beyond Chennai to tier-II cities. Chennai continues to serve as the anchor city, hosting major GCCs across technology, life sciences and financial services. At the same time, tier-II cities are gaining traction, supported by talent availability, policy support and infrastructure readiness. Coimbatore accounts for about 10.7% of the State's GCCs, followed by Madurai at around 1.4 %. Emerging GCC ecosystems are also evident in Tiruchirappalli and Vellore, reflected in early hiring activity and academic partnerships.

8.3.2 AISHE 2021–22 data place Tamil Nadu among the top five States in India in STEM graduate output. With over five lakh graduates annually, including around two lakh engineers, the State's higher education ecosystem continues to support the expansion of knowledge-based services and industries. To sustain this growth, the State has notified the Global Capability Centre Policy 2024–27, providing payroll subsidies for high-skill jobs, infrastructure support for innovation facilities and reimbursement of intellectual property filing costs, complemented by existing startup, R&D and tier-II city support policies.

8.4 Tamil Nadu's Potential for Artificial Intelligence (AI)

8.4.1 Tamil Nadu has initiated systematic efforts to deploy Artificial Intelligence (AI) across government and key sectors. Workshops across 55 government departments identified 55 priority AI use cases, of which 15 show high impact potential, particularly in education, health, and road safety.

Box 8.1 AI in Agriculture

Tamil Nadu has launched AI- and drone-based pilots for paddy cultivation, covering over 870 acres, reporting yield gains of 15–20 %. These gains are driven by AI-based soil analysis, pest monitoring, and agronomic advisories, delivered to farmers through platforms such as WhatsApp, with reported accuracy exceeding 90 %.

The pilots use machine learning models integrated with satellite and drone data to assess soil health, nutrient status, irrigation needs, and pest risks. Multi-temporal imagery enables prediction of crop growth stages, supporting timely irrigation and nutrient application. Drone-based surveillance has improved pest detection accuracy by about 90 %, contributing to reduced pesticide usage.

These initiatives are implemented under the State's Digital Agriculture Mission, with pilots concentrated in the Cauvery Delta and other irrigated regions. Tamil Nadu Agricultural University (TNAU), Coimbatore, has entered in to a collaboration with Valyria Visions Private Limited, an artificial intelligence–driven agricultural analytics start-up, for trait prediction in maize. The partnership focuses on the development of AI-based modules for predicting crop traits using the university's extensive phenotypic, genotypic, and environmental datasets. The initiative aims to support data-driven decision-making for plant breeders and researchers, enhance precision agriculture practices, and contribute to sustainable food production.

8.4.2 In the health sector, key AI initiatives include ePathway for cataract detection and COVA, a mobile-based tool for oral disease screening. These applications support early diagnosis and improve access to public health services.

8.4.3 The State is developing an AI open data platform (under the Tamil Nadu AI Mission) to provide sanitized, standardized datasets for start-ups and developers. Over 100 datasets spanning sectors such as agriculture, education, and traffic management are being cleaned and standardized for this purpose at a budget of Rs. 14 crore in the first two years. (Minister for Information Technology and Digital Services at the Tamil Nadu Global Startup Summit – October '25).

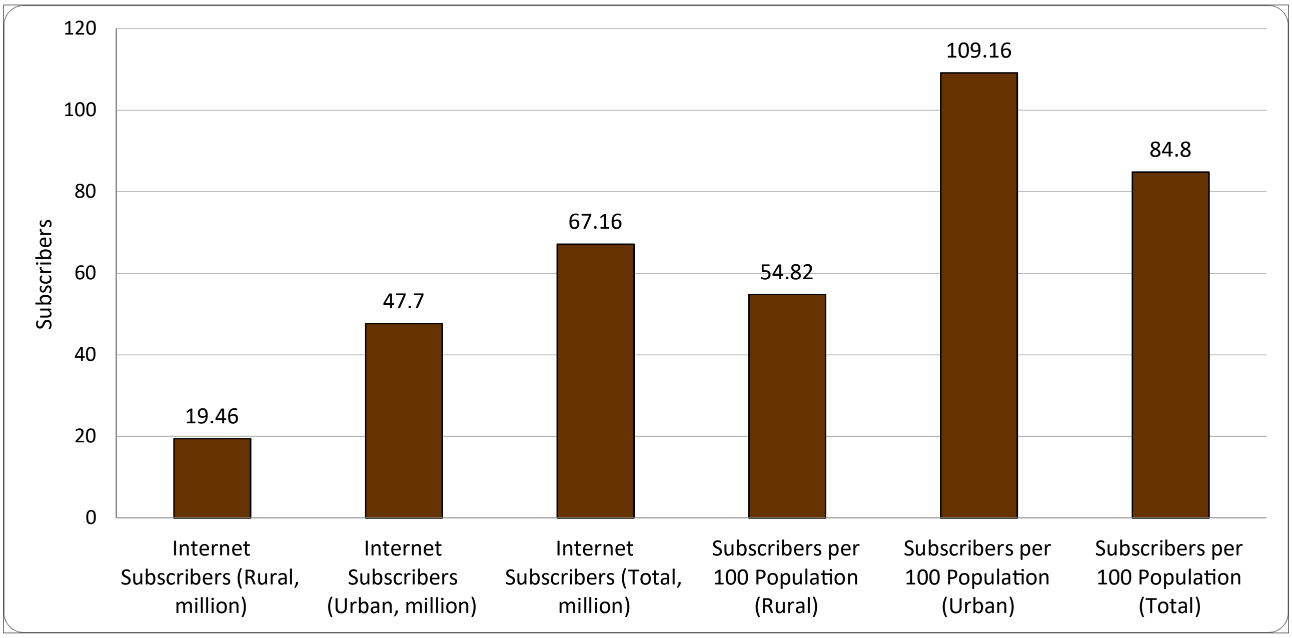
Box 8.2 AI in Health

Tamil Nadu is collaborating with IIT Madras to develop AI solutions embedded in medical equipment across hospitals to assist clinicians by flagging cases for further review. International evidence shows that AI toovls for tuberculosis (TB) screening meet or exceed World Health Organization (WHO) performance standards. Building on this, the State is exploring AI-based TB screening to improve the efficiency and cost-effectiveness of mass screening, particularly in areas with limited medical personnel.

8.5 Telecom and Digital Infrastructure

8.5.1 Tamil Nadu has one of the India's strongest telecom ecosystem, characterized by high tele density, extensive fibre connectivity, and the presence of major service providers. Chennai's role as a key telecommunications landing point strengthens statewide digital capacity. High internet penetration supports online banking, digital payments, e-governance and remote services, reinforcing the State's transition to a mature digital service economy. NITI Aayog identifies telecom and digital infrastructure as key enablers of Tamil Nadu's long-term services growth.

Figure 8.1: Service Area wise number of Internet Subscribers per 100 population at the end of Sep-25



Source: TRAI – Service Performance Indicators (July-September 2025)

8.6 Banking and Financial Services

8.6.1 Tamil Nadu's banking sector is undergoing rapid transformation driven by digital adoption, network expansion, and a renewed focus on financial inclusion. The State hosts several major banks that evolved from community-based institutions into national players. These banks have expanded branch networks, upgraded digital platforms and strengthened MSME credit delivery.

8.6.2 Within the State's banking and financial services ecosystem, State-owned Non-Banking Financial Companies (NBFCs) continued to play a critical role in infrastructure financing during the year**.** Tamil Nadu Power Finance and Infrastructure Development Corporation Ltd. (TNPFC) and Tamil Nadu Transport Development Finance Corporation Ltd. (TDFC) remained the principal NBFCs catering to the power and transport sectors, respectively. TDFC extended credit exclusively to State Road Transport Corporations. Reflecting its financial profile, TNPFC's fixed deposits were assigned an **'IND A'** rating with a stable outlook during the year.

8.6.3 The overall ACP performance for the quarter ended September 2025 stood at ₹5 lakh crore, against the Annual Credit Plan target of ₹9 lakh crore for FY26. The banks in the State of Tamil Nadu achieved 56.77 % of the Annual Target as of September 2025.

8.6.4 By the end of September 2025, districts with highest CD ratio were Ariyalur (279.76), Kallakurichi (265.54), Dharmapuri (252.64), Theni (236.49) and Perambalur (233.95). Districts with the lowest CD ratio were Trichy (110.65), Kanchipuram (102.6), Vellore (89.62), Chengalpet (84.83) and the Nilgiris (84.06). Chennai stood at 115.15.[1]

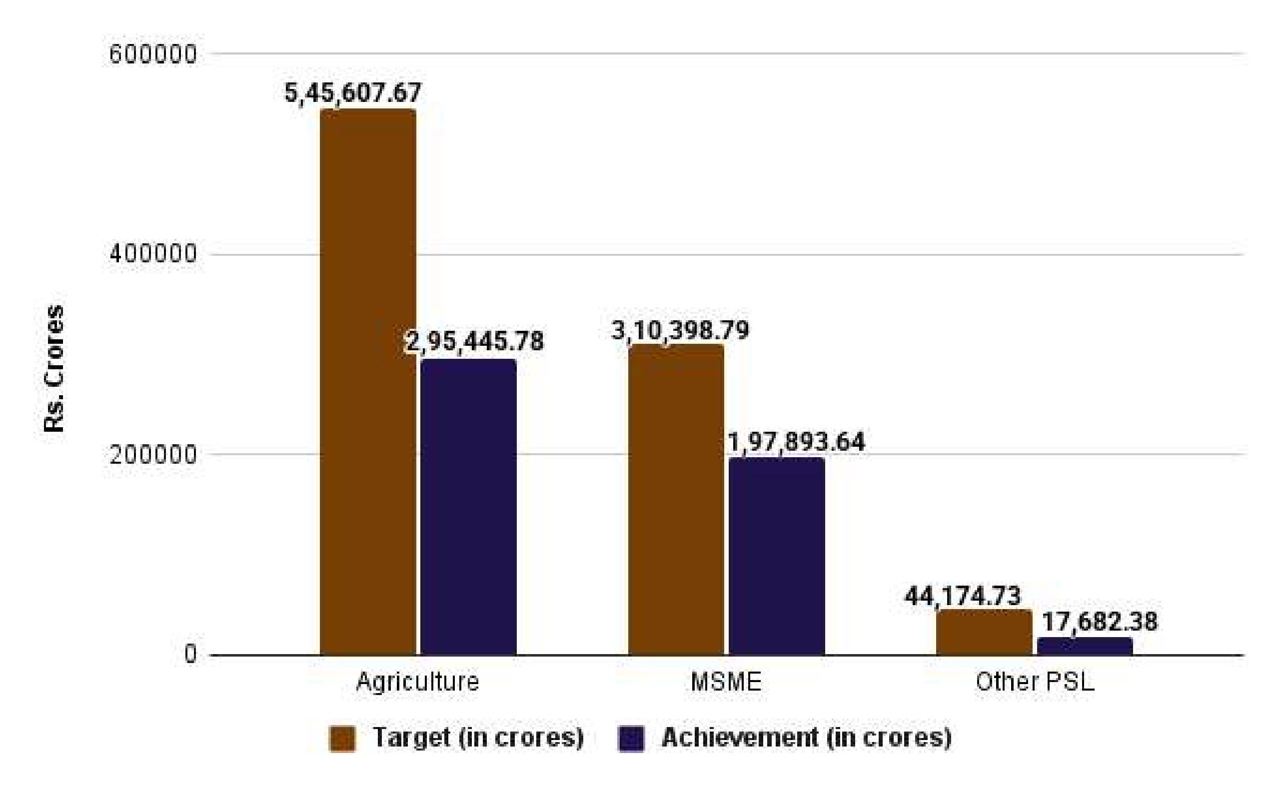
8.6.5 Tamil Nadu leads MSME credit with 43% of loans to manufacturing, per the MSME Pulse[2] May 2025 report. It contributes significantly to India's ₹35.2 lakh crore portfolio, up 13% YoY to March 2025, with private banks holding a 39% share. District patterns reveal strong manufacturing focus. Coimbatore sees private banks at 45% of loans, with 48% to manufacturing; Chennai has 44% from private banks, directing 31% to manufacturing and 26% to long-term capital; Tirupur allocates 75% to manufacturing (36% packing credit) and counts 46% low-risk borrowers (CMR 1-3); Madurai emphasizes trade at 36%, with PSBs at 34% and 48% moderate-risk (CMR 4-6). This long-term, manufacturing-oriented lending positions Tamil Nadu as a driver of India's formal MSME growth.

1 https://www.slbctn.com/CD_RATIO.aspx

2 https://www.sidbi.in/msme-pulse

8.6.6 In Tamil Nadu, over 4.71 lakh Self-Help Groups (SHGs) have received ₹34,200 crore in credit assistance under the SHG-Bank Linkage Programme (SHG-BLP) during the 2024-25 fiscal year, nearing the ₹35,000 crore target, with an average loan size of ₹7.22 lakh. For 2025-26, initiatives are underway to credit-link all eligible SHGs. This year, the state pioneered the issuance of identity cards to Women SHG members across India, bolstering institutional support for more than five lakh groups and improving their access to financial and social benefits.

Figure 8.2: Progress Under Service Area Credit Plan – Target & Achievement up to September 2025



Source: ACP Target Achievement Sheet

8.6.7 Cyber investment scams and digital arrest scams have shown a rising trend among cybercrime cases reported in Tamil Nadu in recent years. Cyber investment scams involve fraudulent online schemes that induce individuals to invest in fictitious or deceptive opportunities by promising abnormally high returns. A comparison of cases reported between January and August indicates a clear increase in cyber investment scams. Reports on the National Cyber Crime Reporting Portal rose from 11,024 cases in 2024 to 13,287 cases during the same period in 2025. Digital arrest scams constitute the second largest category of cyber fraud cases. Reported cases increased from 2,762 between January and August 2024 to 4,439 during the corresponding period in 2025. Alongside the increase in reported cases, awareness and reporting of cybercrime has also improved. The average daily call volume handled by the 1930 cybercrime helpline has increased to about 1,600–1,800 calls per day, compared to 600–800 calls per day in 2024.

8.7 Logistics and Warehousing

8.7.1 Tamil Nadu has emerged as a major logistics and distribution hub owing to its strategic location, extensive road and rail networks, and strong port infrastructure. The State's multimodal ecosystem includes three major ports and an extensive highway network, supporting both domestic and international trade.

8.7.2 NITI Aayog[3] identifies Tamil Nadu as a leading State in logistics efficiency, driven by large warehousing clusters, integrated industrial corridors, and efficient urban transport systems. The Chennai region plays a central role in automobile logistics, e-commerce distribution and export-oriented activities. Continued investment in road connectivity, urban transport, and port-linked industrial development is expected to further strengthen logistics performance.

8.7.3 The Government of Tamil Nadu has released the Tamil Nadu Warehousing Policy, 2026 to strengthen the logistics sector by promoting large-scale, balanced, and diversified warehousing development across the State, with particular emphasis on Delta and Category C districts and Tier II and Tier III cities. The policy is aligned with the State's long-term economic vision and the objectives of the Tamil Nadu Logistics Policy.

8.7.4 Tamil Nadu, with over 40,000 factory units, ranks among the leading States for warehousing transactions and accounts for approximately 19 % of national logistics investment**.** Chennai, Coimbatore, and Hosur have emerged as major warehousing clusters. The policy seeks to expand storage solutions across commercial, urban, cold storage, and agro-based segments, while streamlining regulatory and compliance requirements for developers and operators.

8.7.5 The policy focuses on strengthening existing warehousing clusters and promoting new developments in under-served regions. It adopts a commodity-based approach aligned with the State's industrial and agricultural profile and places emphasis on Ease of Doing Business through simplified approvals and industry status for warehousing assets. Interventions are structured under six themes: integrated greenfield development, brownfield capacity expansion, public–private partnership promotion, sustainable and smart warehousing, commodity-specific warehousing, and Ease of Doing Business**.** The policy promotes warehouse development in government-operated industrial parks and integration with proposed multi-modal logistics parks and dry ports, alongside cluster-based development along industrial, defence, and connectivity corridors.

3 https://niti.gov.in/sites/default/files/202510/Indias_Services_Sector_Insights_from_GVA_Trends_State_level_Dynamics.pdf

8.8 Tourism

8.8.1 Tamil Nadu remains one of India's most visited destinations, supported by its cultural heritage, religious centres, natural landscapes and diverse tourism offerings. Tourism is designated priority sector in Tamil Nadu's development strategy. Domestic tourist visits increased from 286.01 million in 2023 to 306.84 million in 2024, reaffirming Tamil Nadu's position as the second most visited State, after Uttar Pradesh (with 646.81 million). Foreign tourist arrivals stood at 1.162 million in 2024. The State accounted for 10.41 % of domestic and 5.55 % of major foreign tourist visits in 2024.

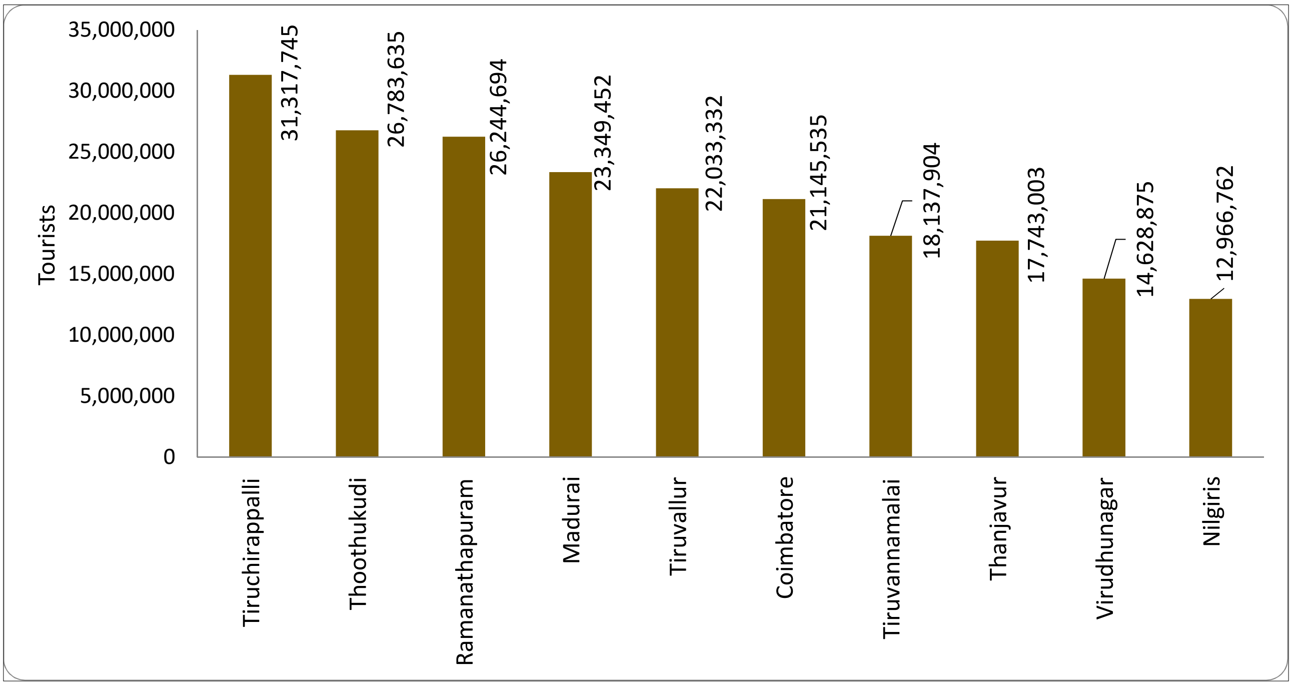
8.8.2 The Government of Tamil Nadu organised the Tamil Nadu Global Tourism Summit 2026 at Mamallapuram in Chengalpattu district on February 2 and 3, 2026. The summit served as a platform to promote tourist destinations across the State and to strengthen public–private partnerships in the tourism sector. The summit brought together domestic and international investors, tour operators, tourism entrepreneurs, and stakeholders from the tourism and trade sectors to explore opportunities for tourism infrastructure development and innovative tourism experiences. The Tamil Nadu government has signed MoUs worth nearly ₹22,800 crore with private sector players to strengthen the State's tourism ecosystem, with investments expected to generate around 66,000 jobs. A major focus of the investments is on medical and sports infrastructure, reflecting the State's push to diversify tourism.

8.8.3 The Government of Tamil Nadu has identified 40 locations for development as tourist sites, with a focus on ecotourism and unexplored destinations. Alongside its cultural and heritage assets, the State's 1,076 km-long coastline offers substantial potential for tourism expansion.

8.8.4 The State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) has proposed setting up an eco-tourism park at Top Sengattupatti in the Pachamalai hills of the Eastern Ghats, marking a shift from its traditional focus on industrial parks to tourism infrastructure development. Working in coordination with the Tourism Department and the Tamil Nadu Tourism Development Corporation, SIPCOT has begun identifying sites with tourism potential across the State and has earmarked a 3.47-acre land parcel at Top Sengattupatti, where ecotourism activity has recently increased. Once the land is vested with SIPCOT, the corporation plans to develop the eco-tourism park and lease plots on a long-term basis to hospitality players for establishing hill resorts or hotels, with the aim of improving infrastructure and boosting short-stay tourism in the Pachamalai region.

8.8.5 A major cultural milestone was achieved with the renaming of the Saint Thiruvalluvar statue at Kanniyakumari as the Statue of Wisdom, announced during its silver jubilee celebrations. The renaming honoured Tamil heritage and the universal values represented by Thiruvalluvar. To marks the occasion, 77 metre-long glass bridge connecting Vivekananda Rock and the statue was inaugurated at a cost of about Rs.37 crore. To manage rising visitor numbers, additional passenger boats services from Chinna Muttam Port have been announced. These initiatives highlight the State's commitment to heritage conservation and improve visitor access.

Figure 8.3: Domestic Tourists District wise during 2025 – Top 10 districts



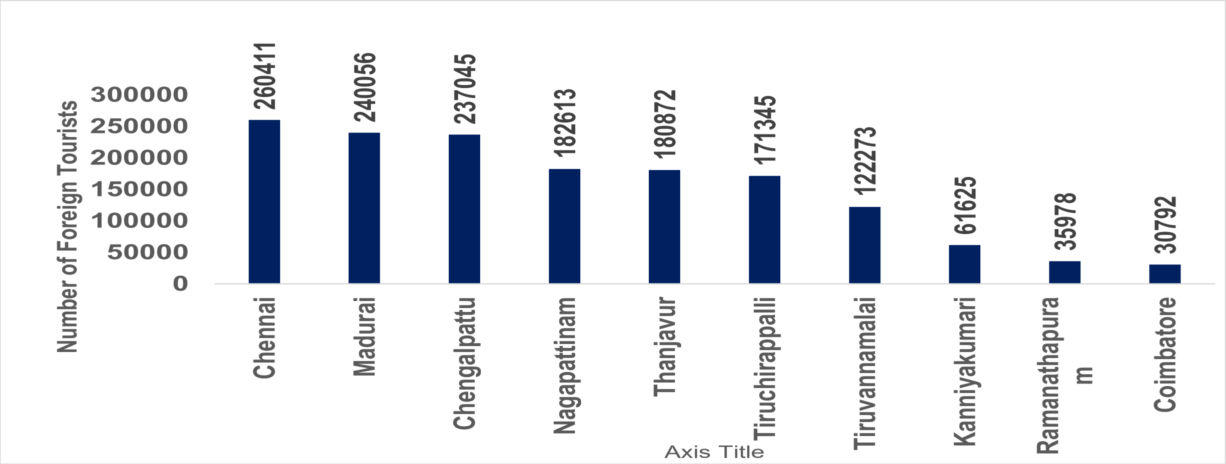
Source : https://www.tamilnadutourism.tn.gov.in/img/Statistics_2025.pdf

8.8.6 Domestic tourist arrivals in 2025 are large in scale and widely distributed across districts, indicating a geographically dispersed and resilient tourism system. High and consistent inflows in districts such as Chennai, Chengalpattu, Coimbatore, Madurai, Tiruchirappalli, and Tiruvallur reflect the combined role of urban centres, transport hubs, pilgrimage destinations, and regional economic activity.

8.8.7 Seasonal variation in domestic tourism is limited, with substantial visitor movement observed throughout the year, including during summer and monsoon months. This stability suggests that domestic tourism is driven not only by leisure travel but also by religious visits, education, healthcare, and social travel, making it less sensitive to climatic conditions.

8.8.8 Overall, the domestic tourism data points to a strong and diversified base that provides structural stability to the tourism sector and generates broad-based economic linkages across the State.

Figure 8.4 Foreign Tourists District wise during 2025 – Top 10 districts



Source : https://www.tamilnadutourism.tn.gov.in/img/Statistics_2025.pdf

8.8.9 Foreign tourist arrivals exhibit a high degree of spatial concentration. A limited set of districts, namely Chennai, Chengalpattu, Madurai, Thanjavur, Kanniyakumari, Tiruchirappalli, Ramanathapuram, and Tiruvannamalai, account for most international visitors. These districts correspond to international gateways, heritage locations, and major religious centres. Several districts record negligible foreign tourist arrivals across multiple months, indicating that international tourism remains confined to established corridors rather than being evenly distributed across the State.

8.8.10 Seasonal variation is significantly more pronounced in foreign tourist arrivals than in domestic tourism. Foreign arrivals peak during the winter months, particularly in November and December, and decline sharply during the summer and monsoon period, with August recording the lowest levels. Domestic tourism, by contrast, shows relatively stable movement across seasons, with substantial visitor volumes even during the summer months. This difference reflects the greater sensitivity of foreign travel to climatic conditions and international travel patterns.

8.8.11 The data also indicates that districts with strong religious and heritage significance consistently attract higher levels of foreign tourists than destinations positioned primarily for leisure. Connectivity alone does not appear sufficient to attract international visitors. The presence of well-defined tourism circuits, cultural interpretation, and established destination identity plays a more decisive role in shaping foreign tourist inflows.

8.8.12 Overall, the tourism pattern in 2025 highlights a structurally resilient domestic tourism base alongside a narrowly concentrated and seasonal foreign tourism segment. Strengthening foreign tourism will require targeted interventions focused on circuit development, destination branding, and service quality, rather than uniform expansion across all districts.

8.8.13 Environmental restoration efforts include Phase I of the Tholkappia Poonga (Adyar Eco Park) project, which has transformed 58 acres of degraded creek estuary into an urban wetland supporting biodiversity, research and environmental education. Eco tourism remains a key focus, with a 52 acre Eco Park under development at Udhagamandalam Race Course at a cost of Rs. 70 crore, featuring spice gardens, urban forestry, bird watching zones and nature trails, positioning Ooty as a major eco-tourism destination

8.8.14 The State continues to invest in preserving Tamil literature and cultural heritage through initiatives such the Thirukkural Global Translation Project (Rs. 1.33 crore), Tamil literary translation Project (Rs. 10 crore), digitisation of palm-leaf manuscripts, development of machine translation tools and organisation of Tamil book fairs in India and abroad. Heritage outreach programmes target younger Tamil diaspora communities.

8.8.15 Archaeological research is being expanded to establish the antiquity of Tamil civilisation, with recent findings confirming iron smelting 5,300 years ago. Excavations across Tamil Nadu and in neighbouring States will employ advanced scientific techniques, supported by an allocation of Rs. 7 crore in 2025-26.

8.8.16 Tamil Nadu remains a leading destination for medical value tourism, accounting for about 25 % of medical tourists visiting India, with around 15 lakh foreign patients annually. Advanced medical infrastructure, including robotic surgery facilities, and major hospitals in Chennai, Madurai, Coimbatore and Vellore reinforce the State's national and international healthcare reputation. Chennai alone accounts for nearly 80 % of foreign patients. Transparency in organ donation and high patient satisfaction have strengthened the State's global standing. Experts recommend expanding e-medical visas, accreditation, PPP-based medical clusters and specialised pay wards in government hospitals. In recognition of the government's pioneering efforts to strengthen home-based healthcare delivery, the **Makkalai Thedi Maruthuvam** scheme was conferred the U.N. Interagency Task Force Award in 2024.

8.8.17 Food tourism is rapidly growing segment, showcasing Tamil Nadu's five culinary traditions-Thanjavur, Mudaliar, Chettinad, Kongu Nadu and Tamil Sahibu, through curated food trails, cooking experience and culinary circuits, strengthening the State's position in culinary tourism.

8.8.18 Tamil Nadu Department of Tourism organised the 2025 Tamil Nadu Travel Mart, which attracted over 5,000 participants. Digital and multimedia campaigns have been strengthened to increase global visibility.

8.8.19 Tamil Nadu hosts four UNESCO World Heritage Sites, including the Great Living Chola Temples, Group of Monuments at Mahabalipuram, Nilgiri Mountain Railway, and Western Ghats sites, representing outstanding achievements in architecture, engineering and biodiversity.

8.9 Conclusions

8.9.1 Tamil Nadu's services sector has become a cornerstone of economic transformation, combining scale, diversity and technological depth. With over half of GSDP originating from services, the State ranks among India's most service-intensive economies. Its strength lies in the breadth of activities spanning IT, finance, healthcare, logistics, education and tourism, supported by interconnected urban hubs such as Chennai, Coimbatore, Madurai and Hosur that integrate regional economies into national and global value chains. Digital infrastructure and human capital underpin this transformation: Chennai's role as a digital gateway, backed by submarine connectivity and a skilled workforce, has driven growth in IT, ITeS, data centres and cloud services, while enabling fintech, e-commerce, telemedicine and e-governance. Financial services and healthcare add resilience, with regionally rooted banks expanding digital finance and MSME credit and world-class healthcare systems supporting medical value tourism alongside strengthened public provisioning. Logistics, education and tourism broaden the sector's base: strategic geography and multimodal connectivity position Tamil Nadu as a logistics hub, while a large education system sustains skilled labour supply for modern services.

8.9.2 Tourism recovery grounded in heritage, ecology and gastronomy continues to generate employment and regional spillovers even as reforms target sustainability and quality improvements. Despite strong performance, challenges persist in tourism infrastructure, including overcrowding, sanitation gaps, shortages of trained guides and uneven service quality, particularly in public facilities. Public–private partnership models are widely viewed as a means to improve operational standards and visitor experience. Chennai's urban tourism potential also remains underutilised following the discontinuation of initiatives such as hop-on hop-off buses and curated city tours. The Tourism Department has therefore urged districts to propose upgrades in infrastructure, guide services, digital accessibility and curated outdoor experiences, with industry stakeholders emphasising that sustained competitiveness depends on improving overall visitor experience.

8.9.3 As the State advances toward its goal of a USD 1 trillion economy by 2030–31, services will remain central. Future growth will depend less on expanding assets alone and more on embedding resilience, intelligence and adaptability within service systems. By aligning technological progress with inclusive governance and continuously improving infrastructure and service quality, Tamil Nadu is well positioned to sustain high-value growth, deepen global integration and broaden the social reach of its modern services economy.

Chapter 9

Ecology and Environment

9.1 Introduction

9.1.1 Tamil Nadu has diverse geography, ranging from fertile plains and extensive coastline to several ecological hotspots. With a total of 1,30,058 sq kms, Tamil Nadu has a highly rich landscape, which includes the Western Ghats, Eastern Ghats, the Central Plateau, and the Coastal Plains, along with several biodiversity hotspots, forests, high peaks, low-lying hills, and fertile agricultural lands. The state has a long coastline of about 1,069 kms along the Bay of Bengal along with key river systems that primarily flow eastwards and forms alluvial plains that are best suited for agriculture, specifically, the Kaveri River delta. Tamil Nadu experiences a tropical climate, with the average temperature ranging between 21.6°C and 31.8°C, and the Northeast Monsoon contributing to the annual rainfall.

Box 9.1 Tamil Nadu's Environmental Governance – At a Glance

Tamil Nadu has emerged as one of India's leading states in environmental governance and climate action, combining strong institutions, forward-looking policies, and large-scale implementation capacity. The State ranks among the top contributors to renewable energy installed capacity nationally and was an early mover in integrating renewables into its power mix. It has also demonstrated regulatory efficiency, placing third nationally in the number of environmental clearances issued in 2024–25, with one of the lowest average processing times.

Tamil Nadu has built one of the country's most comprehensive environmental monitoring frameworks, covering air, water, coastal, and industrial pollution, with improving trends observed across several polluted industrial areas. The State has taken early leadership in sub-national climate governance through dedicated institutions such as the Tamil Nadu Green Climate Company and mission-mode initiatives on climate change, wetlands, green cover, and coastal restoration.

With the highest number of Ramsar sites in India, a large and well-managed protected area network, pioneering policies on invasive species, and large-scale wetland, mangrove, and coastal ecosystem restoration, Tamil Nadu has integrated biodiversity conservation with climate resilience and livelihoods. Together, these efforts position the State as a national frontrunner transitioning from environmental management to long-term ecological resilience and low-carbon development.

9.1.2 This chapter offers a comprehensive overview of the state's ecological and environmental aspects. The subsequent section aims to provide an overview of the changing weather and climate patterns in the state, impact of climate change and extreme weather events, and state initiatives. The sub-section on Minerals and Energy Resources highlights the specific policy interventions in the sector, as well as crucial achievements in the renewable energy (including green hydrogen) sector. The subsequent section discusses issues related to pollution and its management in the state. The following section provides a brief overview of the state of forests and biodiversity in Tamil Nadu. The chapter concludes with details of the green initiatives and major policy interventions undertaken by the state government, with possible suggestions for achieving long-term environmental resilience and sustainability.

9.2 Weather and Climate

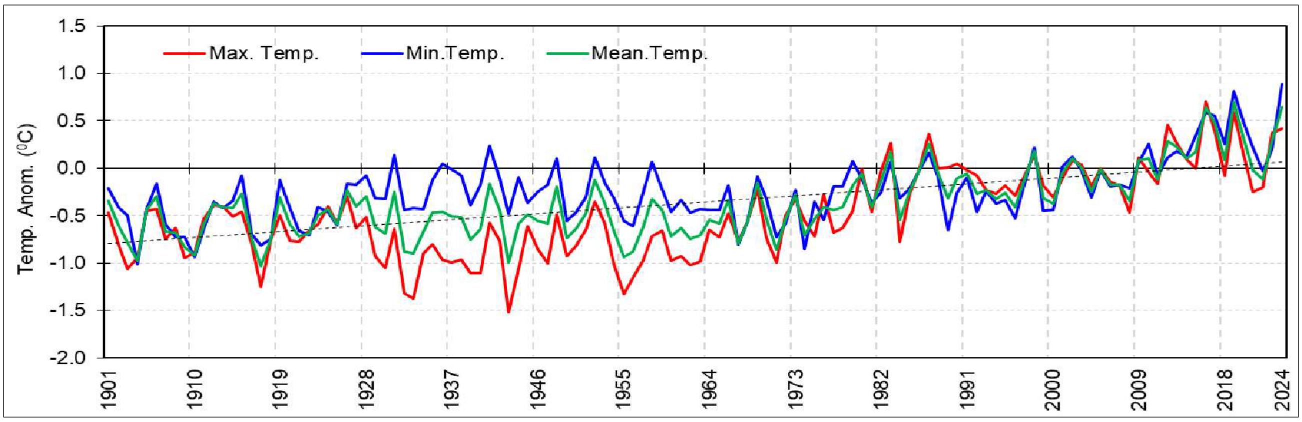
9.2.1 Tamil Nadu experiences a predominantly tropical climate characterized by hot summers, relatively mild winters, and the northeast monsoon, which usually lasts from October to December. Over the past few years, the state has experienced a rise in temperatures, with the maximum temperature anomaly exceeding 1°C and the minimum temperature anomaly exceeding 2°C in 2024, as per the latest India Meteorological Department (IMD) Annual Report. Tamil Nadu receives highly seasonal and spatially uneven post-monsoon rainfall, which accounts for approximately 48% of the state's annual precipitation (Raj et al., 2025)[1]. The state also experiences high humidity levels throughout the year, especially in coastal regions. The high atmospheric moisture experienced even during the comparatively drier summer months could be a cause of elevated heat-index values, which also intensifies health risks in urban centres.

A. Weather Patterns

9.2.2 A significant increasing trend of +0.700C/100 years is observed in the state-averaged annual mean temperature for the period 1901-2024. This trend is more pronounced in terms of maximum temperature (+0.880C/100 years) compared to minimum temperature (+0.530C/100 years). The five warmest years on record for Tamil Nadu, in order, are 2019, 2024, 2016, 2017 and 2020. During the post-monsoon season, monsoon season, and the year 2024, the state received 133 %, 119 % and 127% of its Long Period Average (LPA) rainfall, respectively. Figures 9.1 and 9.2 below shows the trends in maximum temperature and minimum temperature, monsoon and annual rainfall departure from LPA, respectively.

1 Raj, Y. A., Balachandran, S., Amudha, B., & Geetha, B. (2025), "Understanding and prediction of Indian Northeast Monsoon over the years", Mausam, 76(1), 139-162.

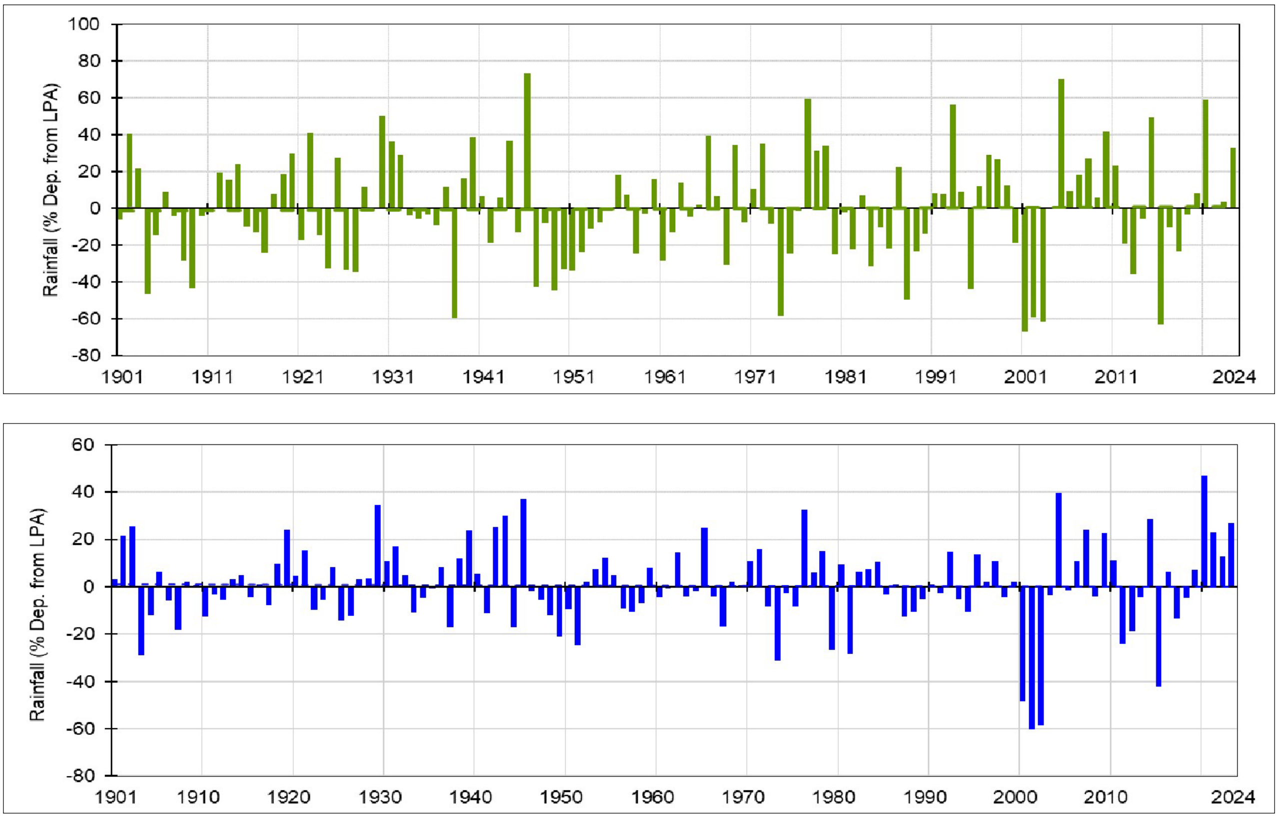
Figure 9.1: Annual Temperature Anomalies – Tamil Nadu: 1901-2024



Note: The temperature anomalies are estimated based on the LPA base period 1991-2020

Source: Statement on climate for the state of Tamil Nadu: 2024, IMD

Figure 9.2: Departure of Northeast Monsoon (top) and Annual Rainfall (bottom) in Tamil Nadu: 1901-2024



Note: The temperature anomalies are estimated based on the LPA base period 1971-2020

Source: Statement on climate for the state of Tamil Nadu: 2024, IMD

B. Climate Change – Impacts and Vulnerability

9.2.3 A study conducted by the Department of Environment and Climate Change, Government of Tamil Nadu and Anna University, Chennai provides climate change projections under the Shared Socioeconomic Pathway 2 - 4.5 and Shared Socioeconomic Pathway 5 – 8.5 scenarios (see Table 9.1 below). The temperature projections indicate that under SPP2–4.5 scenario, the annual mean maximum temperature in the state is expected to increase by 0.4°C in the near-century period (2021 – 2050), 1.3°C in the mid-century period (2051 – 2080) and 1.7°C by the end-century period (2081 – 2100). Additionally, heatwave is projected to increase by 22 days per year in the near - century, 40 days per year in the mid - century, and 55 days per year in the end – century. The norther districts such as Chennai, Thiruvallur, Kanjipuram, Vellore, Chengalpattu, and Ranipet are projected to experience maximum increase by the end of the century.

9.2.4 The annual average total rainfall projections under SPP2–4.5 indicate that rainfall might increase marginally by 4% in the near-century period, 11% in the mid-century period, and by 16% in the end-century period. Coastal districts such as Cuddalore, Nagapattinam, Kanyakumari, and Mayiladuthurai are projected to have maximum change in rainfall by the end of the century. The table below highlights the projected changes in temperature and rainfall under SPP2–4.5 as well as SPP2–8.5.

Table 9.1: Temperature and Rainfall Projections for Tamil Nadu

Scenario	Period	Projected increase in temperature in degree celsius
Annual Mean Maximum Temperature Projections under the SPP2–4.5	2021-2050	0.4°C
	2051-2080	1.3°C
	2081-2100	1.7°C
Annual Mean Maximum Temperature Projections under the SPP2–8.5	2021-2050	0.6°C
	2051-2080	1.7°C
	2081-2100	3.5°C
Scenario	**Period**	**Projected increase in rainfall in percentage**
Annual Average Total Rainfall Projections under the SPP2–4.5	2021-2050	4%
	2051-2080	11%
	2081-2100	16%
Annual Average Total Rainfall Projections under the SPP2–8.5	2021-2050	7%
	2051-2080	18%
	2081-2100	26%

Source: Climate Profile and Projections of Tamil Nadu – Climate Modeling Report 2024

9.2.5 Tamil Nadu thus faces increasing vulnerability to changing climatic conditions, characterised by erratic monsoons, frequent droughts, and intensifying heatwaves. A comprehensive district level vulnerability assessment (DST, 2021)[2] suggests that Ariyalur, Perambalur, Dharmapuri, Ramanathapuram, Nagapattinam, Krishnagiri, Dindigul, Sivagangai, and Villupuram are relatively highly vulnerable to climate change. From agriculture point of view, the Southern Agro-Climatic Zone, inclusive of ten districts, namely, Tenkasi, Tirunelveli, Ramanathapuram, Thoothukudi, Virudhunagar, Sivagangai, Theni, Dindigul, Madurai, and Pudukottai, is considered particularly susceptible, given the repeated occurrence of extreme weather events and the dependency on rainfed agriculture

9.2.6 Research findings project a significant decline in the yields of most of the major food crops in the region, with the losses anticipated due to heat stress and adverse changes in rainfall distribution. The projected yield changes indicate Sorghum as the most vulnerable with an expected decline of 13.03%. Groundnut yield is projected to fall by 12.17%, while Rice and Maize yields are expected to decline by 8.37% and 4.74% respectively. An increase in temperatures accelerates crop phenological development and reduces critical grain-filling duration, especially for Maize and Sorghum. Rice yield is affected by water stress, potentially from excess rainfall at harvest. The expected rise in temperature above the ideal 30°C during flowering and pod filling is projected to be the cause of a fall in groundnut yields. Black gram yield is an exception, with a projected increase in yields by 8.14%, attributed mainly to enhanced CO2 fertilisation and extended soil moisture availability resulting from increased rainy days during its growing season. This underscores the need for urgent site-specific adaptation strategies, including drought-resilient varieties and improved water management to enhance crop resilience in the area. Such adaptation strategies are also required in several other climate sensitive sectors and regions of Tamil Nadu. Box 1 discusses one such critical public health challenge, viz., heat stress.

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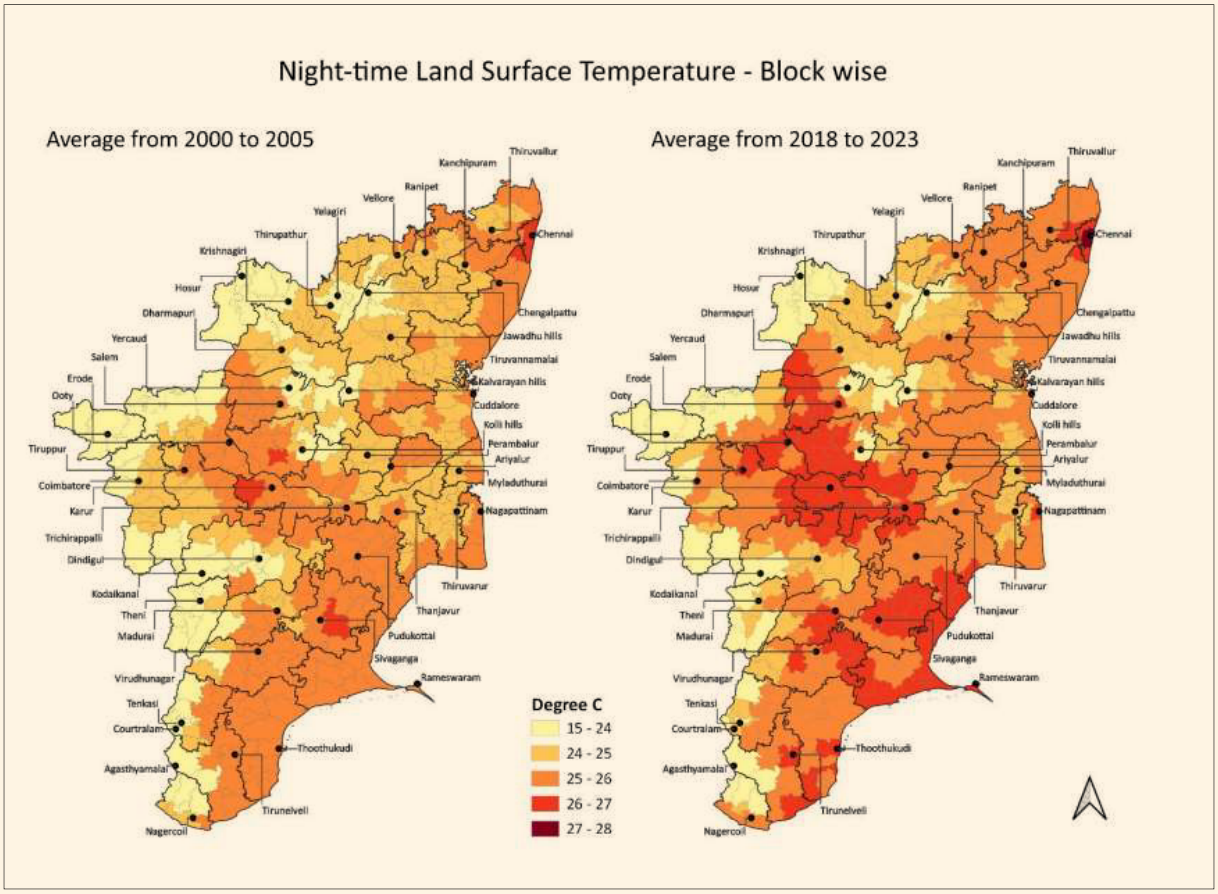
2 DST (2021), Climate Vulnerability Assessment for Adaptation Planning in India Using a Common Framework, Department of Science and Technology, GoI, https://dst.gov.in/sites/default/files/Full%20Report%20%281%29.pdf.

Box 9.2 Heat Stress in Tamil Nadu

Tamil Nadu stands on the frontline of climate vulnerability, with heat stress emerging as a critical public health and infrastructure challenge. A joint study conducted by the Centre for Climate Change and Disaster Management and Anna University estimated that the annual number of thermal discomfort days is projected to rise from over 100 days between the baseline period from 1985 to 2014, to approximately 250 days per year by near the century. The decadal assessment of Built-up Area and Climate Interactions in Tamil Nadu, published in 2025 by the State Planning Commission, revealed the crucial finding that the average night-time Land Surface Temperature (LST) in major urban centres increased by nearly 4°C between the 2000-2005 and 2018-2023 periods. The study also revealed that Chennai's built-up area increased from 48% of its total geographic area in 1985 to 74% in 2015, marking a 26% rise over a span of three decades and indicating a near-saturation in urban land use. The rapid urbanisation, falling green cover and parallel expansion of built-up area are among the key reasons that lead to a rise in night-time temperatures in the state, as well as the urban heat island effect.



Source: Decadal Assessment of Built-Up Area and Climate Interactions in Tamil Nadu

The escalating heat stress in the state poses significant health risks, particularly owing to the Urban Heat Island effect and a lack of nighttime cooling. The reports also identify that cases of health hazards and fatalities are hugely under-reported or unreported as such adverse impacts are not often attributed or heat stress. Outdoor workers, children, pregnant women, and people residing in rural and remote areas are particularly susceptible to heat-related health impacts. While the government has declared heatwaves a state-specific disaster, there is a pressing need to address heat risk through adequate policy interventions and conscious effort towards addressing health concerns in the state.

9.3 Minerals and Energy

A. Mineral Resources and Environmental Clearance

9.3.1 Tamil Nadu is rich in diverse mineral resources due to its distinctive terrain and natural landscape, positioning the state as a leading holder of the country's deposits of vermiculite, molybdenum, rutile, garnet, and ilmenite. With an estimated valuation of Rs.882 crore, Tamil Nadu contributes 79% of India's vermiculite, 66% of its molybdenum, 46% of its garnet, 34% of its magnesite, and 27% of its titanium minerals. These minerals play a pivotal role in supporting key sectors of the state's economy, including construction, cement, energy, and manufacturing.

9.3.2 The state government has made significant policy interventions, ensuring progress in sustainable mining practices, waste management, responsible reclamation and rehabilitation of mines, as well as development of supporting research and technology. The M-sand policy is a policy that aims at ensuring sustainable mining practices in the state with several key interventions, including the establishment of a single-window portal and a centralised monitoring system for M-sand and crushed sand units. The policy prescribes consistent quality assessments to ensure compliance with prescribed standards and streamlines the process of obtaining licenses and clearances for quarry operators. To strengthen the regulation of the quarries and enhance product quality, the policy also provides a platform that ensures a coordinated oversight by the State Pollution Control Board, Mines, the Public Works Department, and other related departments. This joint institutional framework not only contributes to regulatory efficiency but also ensures transparency with an aim of boosting overall sectoral development.

9.3.3 The state has made significant technological interventions, such as the Mining Tenement System, Differential Global Positioning System (DGPS) and drone surveillance technology, and Mineral Management System (MiMaS) to assess the efficiency across the various stages involved in mining and related activities. The MTS or the Mining Tenement System for minor minerals automates the lifecycle of mineral concessions and enables applicants to track their application from its initial stages up to the closure of mines. It develops images of cities and villages along with survey numbers and details of mining leases, thus warranting spatial visualisation.

9.3.4 The DGPS and Drone Surveys help in creating accurate images of mineral resources, land boundaries, and mining sites. The government of Tamil Nadu has sanctioned a recurring expenditure of Rs. 25 crore specifically for the betterment of drone technology with an intention to measure the volume and extent of analysis of the mines and quarries using drones, thereby ensuring efficiency and curbing illegal activities in the industry.

9.3.5 The Mineral Management System of the MiMas is an online platform that has been developed to improve the monitoring and management of mining activities by streamlining operations, improving transparency, and ensuring regulatory compliance. The development of the software was entrusted to the Tamil Nadu e-Governance Agency, which has developed 16 mineral concession modules that facilitate online receipt of quarry lease applications, tracking of lease applications, and scrutinizing and granting of lease applications.

9.3.6 The state government has also established a Green Fund to facilitate the reclamation, restoration, and rehabilitation of abandoned quarries through contributions from the minor mineral lessees. The contribution rates vary based on whether the minerals will be utilized within the state or transported to another location, with a 10% seignorage for within-state operations and 50% otherwise. A total of Rs. 150.48 crore collected towards the Green Fund has been used for the implementation of projects across the districts. So far, 377 abandoned quarries have been identified for reclamation/restoration/rehabilitation.

9.4 Use of Energy across Households and Transport Sector

9.4.1 Tamil Nadu represents a success story in India's energy consumption landscape, characterized by a planned and efficient transition towards cleaner cooking fuels. According to the National Family and Health Survey-5 (NFHS-5, 2019-2021), approximately 83.3% of households in the state utilize clean fuels such as Liquefied Petroleum Gas (LPG), electricity, or biogas, compared to just 58.6% at the national level. This shift is rooted in both the Union Government's Pradhan Mantri Ujjwala Yojana (PMUY) as well as the long-standing state-level welfare initiatives, such as the 2007 free gas stove program, which laid the infrastructure for LPG adoption. Socio-economically, the educational attainment of the most educated female member is the strongest predictor of exclusive clean fuel use, reflecting a shift in intra-household bargaining power and health literacy. Such transition and use of clean cooking fuels have significant health implications, such as reducing the odds of Type 2 Diabetes and risks of heart disease among rural women. Presently, urban centers are witnessing a transition towards electric induction cooktops, driven by Tamil Nadu's near-universal electrification and higher reliability in power supply compared to other states. Future policy interventions must move beyond connection-based targets

to focus on affordability and behavioural change. The "last mile" of efficient transition involves decoupling household energy3 from biomass through sustained nudges and decentralized renewable energy solutions.

9.4.2 The transport sector in Tamil Nadu is currently undergoing a transformation driven by rapid urbanization and a strategic shift toward sustainable energy. The surge in vehicle density is characterized by over 10 lakh new registrations annually, which has historically intensified the state's reliance on fossil fuels. To mitigate the environmental impacts of higher dependency on fossil fuels, including an increase in PM 2.5 concentration and a rise in Sulphur Dioxide hotspots, especially at high-traffic corridors, the state has implemented the Tamil Nadu Electric Vehicle (EV) Policy 2023, which has propelled the region to become the "EV Capital of India." As of June 2025, the EV penetration stood at 16.07%, as against a 13.92% in 2024, supported by a rapidly expanding infrastructure of over 3,000 public charging stations, which was a significant leap from just 151 in 2022. While the current road tax exemption and registration fee waivers for EVs have successfully driven registrations to over 1.2 lakh units in the 2025-26 fiscal year alone, sustained policy intervention seems crucial to ensure that the state meets its ambitious goal of 30% EV penetration by 2030.

9.5 Green Hydrogen

9.5.1 With an aim to develop a 5 million metric tonnes annual production capacity of green hydrogen by 2023, the National Green Hydrogen Mission fosters the country's commitment to energy independence and decarbonisation of major sectors in the country. It is expected to stimulate over Rs. 8 lakh crore in investments and generate more than 6 lakh jobs across the country. Tamil Nadu has emerged as a key strategic hub within this framework, leveraging its vast renewable energy potential to position itself as a major producer and exporter of green hydrogen and its derivatives, and aims to contribute at least 40% - 50% to the national targets by 2030. The state government has collaborated with the Green Hydrogen Organisation to ensure the effective development and implementation of the Tamil Nadu Green Hydrogen Policy. [4]

9.5.2 While the state's policy aims for parity by 2030, the lack of immediate price competitiveness creates a set of alternate expectations among domestic users. This uncertainty is compounded by weak off-take commitments. Although the state has secured massive

3 Malaiarasan, U., K. Thomas Felix, & R. Paramasivam (2019), "Households' Energy Choice and Demand in Tamil Nadu", Working Paper No. 236, Madras Institute of Development Studies, Chennai.

4 Eswaran K., Singh M.K., Leonard A., Hirmer S. (2025), "Adopting Green Ammonia in Tamil Nadu's Fertiliser Sector: Policy Routes via Green Hydrogen", Climate Compatible Growth programme Policy Brief Series https://climatecompatiblegrowth.com/wp-content/uploads/Adopting-Green-Ammonia-in-Tamil-Nadus-Fertiliser-Sector-Policy-Routes-Via-Green-Hydrogen-1-1.pdf

MoUs, specifically in Thoothukudi, domestic industries like refining and fertilizers remain latent in their activities in the absence of adequate incentives without mandated Hydrogen Purchase Obligations (HPOs), which can justify any green premium. Therefore, additional management and effective policy interventions that not only promote but also strengthen such activities are essential for the fulfilment of the goal.

9.5.3 From an environmental standpoint, specific consideration must be extended towards water demand implications. Producing one kilogram of green hydrogen requires approximately 9 to 11 litres of demineralized water, but total system requirements can be higher after accounting for cooling. This necessitates reliance on seawater desalination, which increases the Levelized Cost of Hydrogen (LCOH) and requires further management. Additionally, by offering waivers on wheeling charges, electricity duties, and transmission costs, Tamil Nadu effectively subsidizes private production. If global demand fluctuates or if technology shifts, rendering current electrolyzer investments obsolete, the state could face substantial costs through lost revenue and stranded infrastructure assets. Balancing these fiscal risks against the goal of becoming a global green hydrogen hub remains the state's central policy challenge.

9.6 Pollution

9.6.1 Tamil Nadu is a highly industrialised and urbanized state, making pollution a significant challenge. The main environmental concerns include air and water pollution from industries, sewage from urban areas, and urban solid waste management. The following sub-sections examine different types of pollution – including urban solid waste and plastic waste, and explore the policy measures the state government has implemented to tackle these issues.

9.6.2 The Tamil Nadu Pollution Control Board (TNPCB) categorises 17 industries into Red (Highly Polluting), Orange, Green and White (Least Polluting), based on their pollution potentials. The following table identifies the number of industries falling in each category.

Table 9.2: Industrial Classification based on Pollution: Tamil Nadu 2023-24

Size/Category	Red (Highly Polluting)	Orange (Medium Polluting)	Green (Less Polluting)	Total
Large	2,101	3,260	1,282	6,643
Medium	290	1,131	662	2,083
Small	11,177	25,578	11,143	47,898
Total	**13,568**	**29,969**	**13,087**	**56,624**

Source: Tamil Nadu State Pollution Control Board, Annual Report 2023-24

9.6.3 Tamil Nadu's industrial landscape comprises 6,643 large-scale industrial establishments, 2,083 medium-scale enterprises, and a substantial base of 47,898 small-scale units, with the latter constituting the predominant segment of the state's industrial framework. Small industries dominate the industrial landscape with over 84% of total units. Within small industries, orange category (25,578) is the largest, indicating many moderately polluting small enterprises. The Red category large industries (2,101), though fewer in number, have a higher pollution impact per unit. Altogether the total number of industries monitored by TNPCB under these three categories is 56,624.

9.7 Response Strategies for Pollution Control

A. Water Quality and Monitoring Programme

9.7.1 The Tamil Nadu Pollution Control Board (TNPCB), in collaboration with the Central Pollution Control Board (CPCB), monitors the quality of the state's water bodies through several national programmes, including the Global Environmental Monitoring System (GEMS), Monitoring of Indian National Aquatic Resources (MINARS), Coastal Water Monitoring, and the National River Conservation Programme (NRCP).

9.7.2 TNPCB operates an extensive water quality surveillance network across 158 locations, covering 12 major rivers with a total of 71 monitoring stations. These include:

Cauvery River: 27 stations

Bhavani River: 8 stations monitored monthly

Amaravathi River: 3 stations
Tamiraparani River: 13 stations monitored monthly
Palar River: 1 station at Vaniyambadi Municipal Head Works
Other rivers monitored: Adyar, Cooum, Sarabanga, Vasista, Vaigai, Vennar, and Thirumanimutharu This network enables systematic tracking of water quality trends across seasons and supports informed environmental management. Moreover, there are:
Groundwater: 22 monitoring stations (locations) are established to assess groundwater quality.
Lakes: 8 lakes at Ooty, Kodaikanal, Yercaud, Veeranam, Porur, Poondi, Pulicat, and Redhills.
Coastal Waters: 34 monitoring stations are deployed to evaluate coastal water quality.

Sewage Treatment Plants (STPs): 16 STPs are monitored to assess effluent quality.

Drains and Canals: 7 locations are monitored to assess the quality of water in drains and canals.

9.7.3 Under NWMP programme, the water quality of Ooty, Kodaikanal, Yercaud, Veeranam, Porur, Poondi, Pulicat and Redhills lakes are monitored on monthly basis. In addition, water quality monitoring and management in the state includes:

Chennai City Waterways Monitoring Programme

The TNPCB monitors the water quality of four waterways in Chennai city (i.e.) Adyar River, Buckingham Canal, Cooum River and Otteri Nallah at 17 locations to assess the pollution level by collecting monthly samples

Coastal Water Quality Monitoring

The Tamil Nadu Pollution Control Board is monitoring sea water quality at 34 locations, under NWMP, in 13 coastal districts of the State to assess the sea water quality of coast lines by collecting monthly samples.

Polluted River Stretches

The Central Pollution Control Board (CPCB) has identified ten numbers of river stretches in Tamil Nadu as "Polluted River Stretches (PRS)" during 2022.

Effluent Treatment

The Tamil Nadu Pollution Control Board (TNPCB) supports the establishment of Common Effluent Treatment Plants (CETPs) for small-scale industrial clusters across various parts of the state. The Board also assists in the technical scrutiny of proposal plans for the CETPs. In Tamil Nadu, CETPs schemes were formulated in the following sectors (see Table 9.3).

Table 9.3: CETP Schemes in Tamil Nadu

Industrial Sector	No. of CETP Schemes
Tanneries	13
Textile Bleaching & Dyeing Units	30
Electroplating Units	2
Hotel & Lodges	1
Pharmaceutical Industries	1
Common Marine Discharge Scheme	1
Total	**48**

Source: Tamil Nadu State Pollution Control Board, Annual Report 2023-24

B. Common Marine Discharge Scheme

9.7.4 The Cuddalore SIPCOT (State Industries Promotion Corporation of Tamil Nadu) Industries Common Utilities Limited is a common marine discharge scheme, commissioned in January 2000. It collects treated trade effluent from units in SIPCOT Phase I & II, Cuddalore, including textile processing, pharmaceutical, dye, chemical, pesticide, and miscellaneous units, and disposes of it into the sea. The facility includes 6 collection sumps, inter-connecting pipelines, the pipeline is anchored with concrete blocks and features diffuser arrangements to release the effluent into the sea at a depth of 8 meters below the surface at a rate of 500 cubic meters per hour.

C. Sewage Treatment Plants (STPs) by the Local Bodies

9.7.5 Tamil Nadu operates 102 STPs with 2200.75 MLD capacity across urban areas. TNPCB directs local bodies to expand sewerage systems and install GPS-enabled digital locks on tanker lorries to prevent illegal sewage discharge into water bodies. Three lorry registrations were recommended for cancellation in 2023-2024 for violations.

9.8 Solid Waste Management

9.8.1 Local bodies play major roles in the total quantity of solid waste generation. In the collected solid waste, 53% is treated by the local bodies. The bio-mining of legacy waste has been initiated by the Local Bodies in 287 locations in the State. TNPCB is monitoring the environmental (Ground Water and Ambient Air) qualities in and around the old dump-sites periodically.

9.8.2 States, in collaboration with Urban Local Bodies (ULBs) have developed decentralised pathways to enhance collection mechanisms, segregation of waste at source and disposal practices. Overall, Tamil Nadu generates 14,600 Tonnes per day (TPD) out of which the Greater Chennai Corporation alone contributes 5,000 TPD. In comparison, cities like Indore, Lucknow generates around 2,100 metric tonnes of waste daily. Hyderabad on the other hand, is the second-highest generator of MSW among all major Indian cities. The city accounts for 8,000 tonnes per day.

Box 9.3 State Industries Promotion Corporation of Tamil Nadu (SIPCOT)

SIPCOT has undertaken a range of environmental and sustainability initiatives across its industrial complexes, parks, and growth centres. As mandated by environmental clearance norms, SIPCOT has formed a dedicated Environmental Management Cell to oversee compliance and secure necessary statutory approvals.

The land-use policy under SIPCOT emphasizes the protection of ecologically sensitive areas such as forests, wetlands, and coastal zones. Industrial siting is guided by environmental safeguards, and units are encouraged to adopt Zero Liquid Discharge systems and install continuous emission monitoring in coordination with TNPCB. It also supports green infrastructure by developing boundary greenery and recommending 33% green cover within units. SIPCOT promotes rainwater harvesting, restoration of nearby water bodies, and closure of unauthorized borewells to conserve groundwater around the industrial areas.

Energy-efficient practices like LED lighting and solar power are being gradually introduced, while industries are urged to adopt clean technologies and reduce single-use plastics. encourages allottee units to implement, adopt and use of green and sustainable technologies such as Solar, Wind, Thermal, Biomass, Electric & Hybrid vehicles, etc. Awareness programs and training sessions are conducted with regulatory bodies, and plans to issue Green Awards to industries that recognizes sustainable practices. Overall, SIPCOT aims to foster environmentally responsible industrial growth through integrated planning, compliance, and stakeholder engagement.

A. Comparative Performance of Major cities

9.8.3 According to Babu et al. (2025)[5], the solid waste management services in Chennai is undertaken through a Public-Private-Partnership arrangement. This incorporates various essential functions such as door-to-door segregated waste collection, sweeping of bus routes and intertrain roads, waste collection from markets and commercial areas, segregation and disposal of wet, dry, and hazardous wastes at designated waste processing facilities. The city also offers decentralized centres that includes, Micro Compost Centres (MCC) and Resource Recovery Centres (RRC) which are accessible at the localised level. Even though these are comprehensive steps to tackle the issues of solid waste, it still needs to bolstered, as the study reveals only 20.03% of the total waste is segregated.

9.8.4 Cities like Lucknow, Hyderabad, Indore have developed systematic strategies for advanced waste management. Waste management includes Door-to-Door waste collection, source segregation, redemption of dumpsites, waste generation and processing are the major decentralised approach commonly followed by these cities. Based on the Swatchh Survekshan 2025, the table below shows the performance of each city on its dive to make the city garbage free.

5 Babu, S., K. Prasanna, P. Senthil Kumar, and G. Rangasamy (2025), "Comprehensive Assessment of Current Municipal Solid Waste Management in Chennai, India: A Critical Case Study with Real-time Analysis", International Journal of Environmental Science and Technology, 22(7), 5729-5746.

Table 9.4: Solid Waste Management: City Report Card, 2024-25

City	Door to Door Collection of Waste	Source Segregation	Waste Generation vs Processing	Remediation of Dumpsites
Chennai	54	36	21	33
Lucknow	100	97	100	100
Hyderabad	100	93	100	100
Indore	100	100	-	-

Source: Swatchh Survekshan 2025, Smart City Indore

9.8.5 Though the same approach is followed in Indore under their decentralised waste management, studying public behaviour and educating them is a distinct approach that has led to the city emerging as the cleanest in India for the eight consecutive years. Grassroots innovations such as street plays, wall paintings, FM radio, and cultural events and 'Indore 311 app' etc, were used to spread the messages on cleanliness. In addition to this fine were also imposed on uncooperative citizens. Partnership with NGOs were also made to communicate how composting and segregation can be done at home.

9.8.6 Lucknow became a net-zero waste city in 2025 by expanding its scientific waste-processing capacity and ensuring that all the waste it generates each day is fully treated instead of being dumped. In addition to its two already existing plants, the Lucknow Municipal Corporation set up three processing units at the Shivri Solid Waste Management Plant, each capable of handling 700 MT/day, allowing the city to process its entire daily waste of around 2,100 MT.

9.8.7 Hyderabad follows a strategic approach in collection, transportation, processing and disposal of solid waste. In order to inculcate the good practices like waste segregation and recycling, the city also conducts Information, Education and Communication (IEC campaigns) with the public and the stakeholders. The city uses about 60–70 % of the 8,000 tonnes of MSW to generate electricity.

B. Plastic Waste Management

9.8.8 According to the Annual report submitted by the Urban Local Bodies (ULBs) for the year 2023-2024, a total quantity of 1,763 tonnes/ day of plastic waste have been generated from 21 Municipal corporations, 138 Municipalities and 536 Town panchayats in Tamil Nadu. Out of this 73.5% (1,128 tons/day) of the waste was collected and channelized for recycling and other purposes. Almost 209 authorized plastic waste recyclers operate in Tamil Nadu. The total amount of plastic waste channelized for recycling is around 281 tonnes/day. As of 2024 there are an overall 788 PIBOs in Tamil Nadu that have introduced 5.02 lakh tonnes of plastic packaging. Among this, the producers account for 9.09 % (45,662.94 tonnes), the importers contribute 73.72% (3,70,142.03 tonnes) while 17.18% (86,285.80 tonnes) coming from the Brand Owners.

9.8.9 The Government issued a ban on single use plastics (SUPs) in 2018. Against this backdrop **Meendum Manjappai** initiative of the Government of Tamil Nadu should be looked at (see Box 4).

Box 9.4 Meendum Manjappai Initiative

The Government of Tamil Nadu has initiated a significant step to address plastic use and plastic waste generation in the state with the launch of the flagship initiative, Meendum Manjappai Campaign, as a first step towards minimising plastic use in the state. The campaign, launched in December 2021, translates to "Back to the Yellow Bag" as an effort to encourage a public movement to revitalise the use of traditional reusable cloth bags. The campaign focuses on building public consciousness and inducing a shift in consumer behaviour with the successful completion of over 2.53 lakh awareness initiatives, inclusive of rallies, street plays, and even airing educational content in schools. The state introduced Manjappai Vending Machines (MVMs) in public spaces. As of March 2025, 203 MVMs have been successfully installed across 38 districts, dispensing approximately 4.2 lakh cloth bags. Additionally, he associated digital application also ensures ease of access and thereby further strengthens the local supply of cloth bags. Data from the Tamil Nadu Pollution Control Board (TNPCB) reveals that officials have conducted over 17 lakh raids on commercial establishments and vendors. These substantial efforts have resulted in 2684.72 tonnes of SUP seized from the state and a total of Rs 22.85 crore of fine imposed in this regard. The campaign strategically utilises a combination of awareness drives, promotion of eco-alternatives and diligent enforcement to efficiently carry out this objective, making it an effective example to follow.

9.9 Forest and Biodiversity

9.9.1 Tamil Nadu is a land of diverse geographical landscapes with a defined mix of mountains, plateaus, and plains forming the basis for its rich biodiversity and a repository of unique flora and fauna. The state can be physiographically divided into 4 major regions, including of Eastern Ghats, Coastal Plains, Western Ghats, and Central Plateaus.

A. Forests

9.9.2 The forest cover in the state is divided into three major groups based on temperature zones, namely, Tropical Forests, Montana Subtropical Forests, and Montane Temperate Forests, which are further subdivided into nine forest types according to moisture and physiognomic variation. Around 26,450.22 sq km of the state is under forest cover (see Table 9.5 below), and the total forest and tree cover area is 31,820.94 sq km as per the India State of Forest Report, 2023. The Green Tamil Nadu Mission sets an ambitious target of further expanding the forest cover to 33% of the total geographical area over a decade to enhance ecological resilience and sustainability.

Table 9.5: Forest cover of Tamil Nadu

Class	Area (in sq km)	Percentage Share (%)
Very Dense Forest	3,586.19	2.76
Moderate Dense Forest	11,027.03	8.48
Open Forest	11,837	9.10
Total	26,450.22	20.34
Scrub	878.29	0.68

Source: India State of Forest Report – Tamil Nadu (2023)

9.9.3 The state has designated 9,179.676 sq km, ie, 39.59% of its forest area as Protected Area. With 5 tiger reserves, 5 elephant reserves, 5 national parks, 3 conservation reserves, and 20 Ramsar sites, the state is a pioneer in forest and wildlife conservation. Additionally, the state also ensures that diligent measures are taken for the protection of various endangered birds and animals, as well as wetland habitats, through the establishment of 18 sanctuaries and 17 bird sanctuaries. The state is endowed with a rich faunal diversity with 165 species of amphibians, 177 species of reptiles, 454 species of birds, and 187 species of mammals. The endemic fauna also includes 36 species of amphibians, 63 species of reptiles, 17 species of birds, and 24 species of mammals. Moreover, Tamil Nadu ranks 1st in angiosperm diversity across India, featuring over 2000 different species of floral wealth.

9.9.4 The Government of Tamil Nadu carries out special efforts towards biodiversity and forest conservation in the state. Carefully employing dedicated forces, infrastructure, as well as advanced technology, the state addresses threats like illicit fencing, encroachment, and poaching through Differential Global Positioning Systems (DGPS), Remote Sensing, and Geographical Information Systems (GIS) for boundary demarcation and surveillance. Strict surveillance activities include forest stations, forest protection squads, and roving check posts. The state also employs the Forest Fire Management System to ensure faster detection and response to forest fires.

9.9.5 Emphasising the need for modernising forest management, the state prioritises sustainable practices to safeguard invaluable forest resources, supporting biodiversity, providing essential ecosystem services, and sustaining livelihoods. To enhance the state's response to such challenges, the Government has sanctioned Rs. 52.83 crore for the "Modernisation of Tamil Nadu Forest Force" scheme during the 2022-2025 period. Furthermore, the State Government is implementing around 49 schemes focused on comprehensive forest and wildlife management. This robust framework is legally underpinned by rules framed under the Biological Diversity Act, 2002, which ensures the conservation, sustainable use, and equitable sharing of benefits from biological resources, notably requiring the establishment of biodiversity management committees and registers at the local level to ensure compliance and protection.

9.9.6 There has been a significant increase in planned activities and policy interventions in the state over the years to protect the ecosystems and build resilience against climate change, which often involves activities that aim at an increase in forest cover in the state. The Restoration of Degraded Forest Landscape in Tamil Nadu - Phase I project executed over the years 2021-22 to 2025-26 has conducted restoration works for over 31,060 Ha of degraded forests across 33 districts in the state with an outlay of Rs 149.30 crore in the fiscal year 2024-25 towards the cause. The Tamil Nadu Biodiversity Conservation and Greening Project for Climate Change Response, which aims at climate change mitigation, biodiversity conservation, resolution of human-wildlife negative interactions, and capacity development of the forest department, has also actively contributed towards the restoration of 700 ha of mangroves in Thiruvarur district, with another 350 ha underway.

B. Invasive Species

9.9.7 The presence of Invasive Alien Plant Species in Tamil Nadu poses a critical environmental challenge to the state, with the potential to severely degrade its rich biodiversity and vital ecosystems. These non-native exotics, comprising nearly 36.6% of the state's recorded flora, disrupt the ecosystem service provision and threaten endangered species. A variety of invasive plants, including Lantana camara, Prosopis juliflora, Acacia mearnsii (Wattle), and Senna spectabilis, have established themselves and infested vast forest areas in the state.

9.9.8 The state's strategy to tackle is guided by Tamil Nadu Policy on Invasive Plants and Ecological Restoration (TNPIPER), one of the first state-level policies in India devised exclusively to target invasive species infestation. The framework prioritises identification, prevention of spread, and strategic eradication, signalling a shift in focus back to native species restoration.

9.9.9 For the year 2024-2025, a substantial amount of Rs 45.41 crore has been sanctioned specifically for the removal of Latana camara. As of January 31, 2025, the state has cleared a total of 16,131.61 infested hectares, demonstrating a vast increase in the scale of operation compared to previous years. Over the years, the overall approach has moved towards integrated control measures, which are proving effective in the management of invasive species in the state.

9.9.10 The intense competition for resources among the native and invasive species initiates an "invasive meltdown" where one invasive species facilitates the establishment of others. However, often they also serve as an important source of livelihood for communities dependent on the species. Therefore, a broader, inclusive management strategy is necessary to benefit both local biodiversity and the dependent communities.

C. Human-Wildlife Conflict

9.9.11 Tamil Nadu has adopted a multi-dimensional strategy that integrates traditional field methods with cutting-edge technology to address the escalating challenges of human-wildlife conflict. At the core of its physical intervention, the government has used a variety of barriers, including elephant-proof trenches, solar-powered hanging fences, and innovative steel wire rope fences, while simultaneously improving forest habitats through the creation of fodder resources and water holes to discourage animals from straying. A significant milestone in this effort is the state's leadership in technological adoption with the inauguration of a Rs.7.24 crore AI-based surveillance system at Madukkarai to prevent elephant-train collisions and the establishment of a centralized Command Control Centre that monitors sensors across 90 locations. These high-tech solutions are used by the deployment of Rapid Response Teams and anti-poaching squads for the strategic use of the safe relocation of straying animals. Beyond field operations, the government has streamlined social and legal frameworks by notifying the Power Fences Rules of 2023 to regulate electric fencing and ensuring the instant payment of compensation for crop damage or fatalities. Through the formation of specialized committees involving farmers, scientists, and forest officials, Tamil Nadu is fostering a collaborative environment to study crop-raiding patterns, particularly by wild pigs and elephants. By combining these proactive monitoring systems, such as radio-collaring and early warning alerts, with standardized rescue protocols and community sensitization, the state aims to harmonize the safety of human habitations with the vital conservation of its wildlife.

Box 9.5 The Gudalur model illustrates how technology can shift human wildlife conflict mitigation from a reactive approach to a predictive and preventive system

Located at the tri-junction of Tamil Nadu, Kerala, and Karnataka, the Gudalur Forest Division forms a critical elephant migratory corridor. It comprises 14,997 ha of highly fragmented forest spread across nearly 370 patches. Decades of forest conversion into tea and coffee plantations and human settlements have intensified human–elephant interactions. Additionally, 86 swamps—68 of them within 200 metres of habitations—act as persistent conflict hotspots by attracting elephants for water and fodder.

Over the past decade, the division has implemented a comprehensive, technology-enabled conflict mitigation framework integrating data analytics, artificial intelligence, drones, early warning systems, and a centralized command-and-control mechanism for real-time monitoring and predictive response. Under the Modernisation of Forest Force Scheme, a state-of-the-art Command and Control Centre was established at Nadugani at a cost of ₹6 crores, serving as the operational hub for coordinated conflict response.

Drone technology has been a major innovation, enabling forest personnel to guide elephants away from human habitations with minimal disturbance and reduced risk to field staff. These technological interventions are reinforced by strong community participation.

As a result, Gudalur has achieved a 50% reduction in human casualties over two years, zero unnatural elephant deaths in 2025, elimination of human fatalities in the Cherambadi Range after 15 years, improved public trust in the Forest Department, and more efficient use of manpower and financial resources.

D. Common Property Resources

9.9.12 Common Property Resources (CPRs) are natural assets, such as village forests, shared water bodies, and communal pastures that are accessible for the community with no definition of exclusive property rights. Across the country, especially in rural areas, CPRs play a significant multi-functional role, enabling lifestyle, economic sustenance, and often psychological strength to the members of the community. Management of CPRs becomes extremely crucial due to several challenges that pose a threat to the community that is dependent on the same.

9.9.13 CPRs are fundamental to the economic life of rural households, especially for the economically backward and socially deprived village dwellers. Several studies conducted in Tamil Nadu over the years consistently point to a worrying trend of decline in the area under CPRs. Evidence from as early as 1998 in the 54th Round of NSSO has shown that the extension of state control over natural resources has led to the decay of the community management system. Apart from economic and developmental reasons, politics and social factors also seemingly impact the decline of CPRs over the years.

9.9.14 The management of common resources involves a complex interplay of formal and informal systems. In Dindigul district, Indigenous Knowledge Systems have been useful in the conservation of CPRs. These traditional systems often manage the commons with a multifunctional perspective, integrating them into the local culture. Empirical evidence found in the context of the region including Nagapattinam, highlights that core problems lie in institutional structure. Despite having legal authority, local governing bodies like the Panchayats are often unable to effectively enforce any regulation on the use and management of common resources. This institutional weakness, coupled with a lack of willingness to enforce obligations among users, is a primary cause of over-exploitation and degradation. Addressing regulatory gaps and institutional effectiveness, proactive involvement of the local government, and effective management of private encroachment must be in place to ensure the sustainability of CPRs in the state.

9.10 Wetlands

9.10.1 Tamil Nadu is India's leader in wetland conservation, boasting the highest number of Ramsar Convention sites in the country—currently 20 designated wetlands. The state is home to over 42,000 waterbodies, most of which provide diverse and invaluable ecosystem services to communities. A recent study by the State Planning Commission (SPC)[6], Government of Tamil Nadu, conducted by the Madras Institute of Development Studies (MIDS), examined the state's 141 priority wetlands—those identified by the government for potential official notification. The study found that these wetlands currently provide economic benefits worth Rs.8,303.79 crore each year. However, if these wetlands were restored and rejuvenated, their annual economic value could increase to Rs.28,214.37 crore. This represents a potential net gain of Rs.19,910.58 crore per year (State Planning Commission, 2025).

9.10.2 Having recognised the ecological, social, and economic importance of the vital wetland ecosystems, the state has made consistent efforts towards the protection of the same. The state's commitment is showcased through the multi-pronged approach under the Tamil Nadu Wetlands Mission (TNWM) and its focus on advanced technology, community involvement, and the protection of the globally significant sites in the state.

9.10.3 The mission has been launched for five years, from 2021-2022 to 2025-2026, with an initial budget of Rs. 115.15 crore allocated for the ecological restoration of 100 wetlands with a special focus on local livelihoods. In 2024, the Government accorded an additional

6 State Planning Commission (2025). 'Economic Valuation of Ecosystem Services: A Study of 61 Prioritised Wetlands/Waterbodies in Tamil Nadu', State Planning Commission (SPC), Government of Tamil Nadu (a study executed by the Madras Institute of Development Studies, Chennai).

sanction of Rs. 26.60 crore to fund activities to be undertaken during the period 2024-2025 to 2026-2027. The mission explicitly focuses on mapping 100 wetlands throughout Tamil Nadu, the preparation of integrated management plans for effective governance, and includes other effective strategies such as research, awareness campaigns, and ecosystem-based eco-restoration of wetlands. The state has also committed Rs. 20 crore for the integrated development of selected Ramsar sites and other wetlands, with funds being utilised for immediate development activities. In addition to this, several activities and state-funded academic research, as well as community-level strategies, have been initiated by the state government in ensuring the protection and development of wetlands in the state.

9.11 Coastal Region

9.11.1 Tamil Nadu, being the southernmost state in the country, has the second-longest coastline in India, covering 1096 km, which accounts for 15% of the country's total coastal region and spreads along the Bay of Bengal, the Indian Ocean, and the Gulf of Mannar. The coast is shaped by significant geographical features, including the Kaveri River delta, large beaches and critical brackish water ecosystems like the Pulicat Lake. This dynamic coastal stretch is of immense ecological value, housing vital coral reefs and seagrass meadows that support endemic species like the endangered Dugong.

9.11.2 However, it is highly susceptible to severe challenges, including impacts of sea-level rise and frequent cyclonic activity, and escalating anthropogenic pressures from pollution and overexploitation as well as coastal erosion. In response to these vulnerabilities, the state has initiated comprehensive conservation efforts, particularly the Tamil Nadu Coastal Restoration Mission (TN-SHORE), a large-scale project aimed at enhancing ecological resilience through nature-based solutions. The core strategy involves intensive restoration of degraded habitats like mangroves (e.g., Pichavaram) and seagrass beds, alongside the establishment of dedicated protected areas in an attempt to contribute to the well-being of the coasts. It is a comprehensive initiative which focuses on improving coastal biodiversity, coastal protection through enhancement of coastal resilience, and strengthening coastal management through Integrated Coastal Zonal Management. This multi-layered initiative is designed to maintain resilience and encourage sustainable utilisation of the rich endowment of coastal resources.

9.11.3 The strategic vision of TN-SHORE also incorporates the dual objectives of enhancing community resilience and promoting sustainable economic growth across the coastline. It is carefully structured to ensure that the ecological and socio-economic benefits derived from coastal development are sustained over the long term, while simultaneously

mitigating risks arising from both natural hazards and human-induced impacts, thereby complying with key aspects of the Sustainable Development Goals. With an estimated outlay of Rs 1,675 crore, the mission and associated strategic objectives are organised to ensure targeted interventions towards the protection of the coastline. Further efforts in this regard also concentrates on pollution abatement and the promotion of sustainable livelihoods, with the overarching goal of safeguarding this unique landscape and ensuring the long-term sustainability of the vital ecosystem.

9.12 Green Initiatives

I. Green Buildings

9.12.1 As of 2024, India has certified over 15,000 green building projects through the Indian Green Building Council (IGBC), covering more than 13 billion square feet. Tamil Nadu accounts for approximately 5% of these certified projects, demonstrating the state's strong commitment to sustainable development. Tamil Nadu has over 1,087 green building projects spanning 597 million square feet, ranking 5th nationally in its transition to green building infrastructure. Among the state's major cities, Chennai leads with more than 560 buildings covering 332 million square feet—representing 56% of all green buildings in Tamil Nadu. Coimbatore has 23 green building projects, followed by Salem with 12, Trichy with 11, and Madurai with 6.

9.12.2 The government has implemented several initiatives to promote green buildings and energy efficiency: Data Centre Incentives: A 25% subsidy (capped at Rs. 5 crore) for data centre units that implement green and sustainable initiatives. Green Certification Programs: Provision for efficient buildings to obtain green ratings through the Indian Green Building Council (IGBC/LEED Certification) and the Green Rating for Integrated Habitat Assessment (GRIHA) systems. Renewable Energy Integration: Developers are permitted to source and distribute green power within integrated townships, and are encouraged to install rooftop solar, wind, or hybrid renewable energy systems. Lifestyle for Climate Certification: Launched in 2025 under the Tamil Nadu Climate Change Mission, this certification assesses sustainable measures in existing buildings and provides a platform to rate and certify buildings under development. Energy Conservation Recognition: The state has acknowledged the need for energy-saving measures across government buildings, private buildings, independent houses, and apartments to mitigate climate change impacts. **Promotion of Energy Audit and Conservation of Energy Scheme**

This scheme helps businesses improve energy efficiency through financial support. The Government reimburses: 50% of energy audit costs, up to a maximum of Rs.0.75 lakh per audit per unit 25% of costs for machinery and equipment replacement, retrofitting, and technology upgrades aimed at improving energy efficiency **Chief Minister's Solar Rooftop Capital Incentive Scheme** This scheme provides subsidies for grid-connected domestic solar photovoltaic (PV) systems. Eligible applicants receive: Rs.20,000 per kilowatt from the state government An additional 30% subsidy from the Ministry of New and Renewable Energy (MNRE), Government of India

II. Removal of Legacy Waste

i. Construction and Demolition Waste Processing

To manage construction and demolition waste, processing facilities have been sanctioned in six Corporations: Coimbatore, Madurai, Trichy, Salem, Tuticorin, and Tiruppur.

ii. Air Pollution Control Measures

To prevent dust and air pollution, road sweeping machines have been sanctioned in five Corporations: Coimbatore, Madurai, Trichy, Salem, and Tuticorin.

iii. Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0

Under this mission, 320 projects with an estimated cost of Rs.2,746.16 crore are currently being implemented across Urban Local Bodies (ULBs) under the Directorate of Municipal Administration.

iv. Urban Forests

Urban greening projects have been established on land reclaimed through bio-mining. Between 2022 and 2023, 53,589 tree saplings were planted, creating approximately 127 acres of green space.

v. Clean Tamil Nadu Company and Integrated Cleanliness Mission

The Government of Tamil Nadu announced the Clean Tamil Nadu Company & Integrated Cleanliness Mission (2025) to effectively manage solid waste in both rural and urban areas. This mission aims to integrate waste management across these regions, with an initial allocation of Rs.10 crore.

9.13 Tamil Nadu Model of Sub-state Climate Action

9.13.1 Tamil Nadu has become a leader in India's climate governance by creating a state-level framework that connects climate resilience with biodiversity conservation and community-based planning. Recognizing the urgency of climate action, the state has established dedicated climate institutions and developed strategies aligned with national and international climate objectives[7]. To coordinate its climate efforts, Tamil Nadu established the Tamil Nadu Green Climate Company (TNGCC), one of India's first specialized agencies for climate action. TNGCC operates through four strategic missions: the Tamil Nadu Climate Change Mission (TNCCM), the Green Tamil Nadu Mission (GTNM), the Tamil Nadu Wetlands Mission (TNWM), and the Tamil Nadu Coastal Restoration Mission (TN-SHORE).

9.13.2 Tamil Nadu has charted a clear path toward achieving Net Zero emissions by 2070. According to the state's Greenhouse Gas Inventory, despite being highly industrialized, Tamil Nadu accounted for only 7% of India's total emissions in 2019. More impressively, the state reduced its emission intensity relative to GDP by nearly 60% over a 14-year period. To build on this progress, Tamil Nadu has designed targeted interventions including renewable energy expansion, improved energy efficiency, industrial decarbonization, and a major shift to electric mobility. The goal is for renewable energy to comprise 60% of the state's installed power capacity in the coming years.

9.13.3 The state is pioneering grassroots, district-level climate action strategy in four pilot districts: Nilgiris, Coimbatore, Ramanathapuram, and Virudhunagar. These districts are developing localized decarbonization plans tracked through a real-time Climate Action Tracker. Projections indicate these districts could reduce emissions by up to 92% by 2050 through clean energy adoption, transportation transformation, and nature-based solutions capable of capturing significant amounts of CO_2.

9.13.4 Tamil Nadu's climate agenda extends beyond emissions reduction to encompass large-scale ecological restoration, biodiversity protection, and sustainable livelihood

7 https://www.thehindu.com/opinion/op-ed/the-tamil-nadu-model-of-sub-state-climate-action/article70276313.ece

development. With over 30% of its land area designated as protected and major wetland and mangrove restoration projects underway, the state is integrating nature-based solutions with livelihood security—particularly in climate-vulnerable coastal areas. Local communities are central to this transformation through participatory approaches that incorporate traditional and local knowledge.

9.13.5 Tamil Nadu's climate strategy—combining district-level implementation, evidence-based planning, robust institutions, and nature-centered development—provides a replicable model for other Indian states and subnational governments worldwide seeking equitable and effective climate governance.

9.14 Proposed Measures to Protect the Environmental Capital in the State

A. Nature-Based Solutions

9.14.1 With the increasing climate vulnerabilities, it has become critical to adopt effective interventions to embrace climate resilience worldwide. Nature-based solutions are measures that protect, sustainably manage, or restore natural ecosystems to tackle societal challenges—such as climate change, human health, food and water security, and disaster risk—while simultaneously enhancing human well-being and supporting biodiversity. Nature-based solutions involve the protection, sustainable management, or restoration of natural ecosystems to address societal issues like climate change, health, food and water security, and disaster risks, providing benefits for both people and biodiversity. It is considered to be a cost-effective method to address the risks of climate while also looking into the problems on biodiversity and declining quality of lands. It is estimated that nature-based solutions could contribute 37% of the mitigation required until 2030 to achieve the goals of the Paris Agreement.

B. Payments to Ecosystem Services

9.14.2 The Global Environment Facility (GEF) has made substantial investments in Payment for Ecosystem Services (PES) initiatives since its inception. Frameworks such as the Millennium Ecosystem Assessment (MEA), The Economics of Ecosystems and Biodiversity (TEEB), and the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) emphasize PES as a key mechanism for sustaining ecosystem services. The UNESCAP defines PES as a voluntary transaction and a well-defined environmental service (or a

land use likely to secure that service), purchased by at least one environmental service buyer from at least one environmental service provider, if and only if the environmental service provider meets the conditions of that contract and secures the environmental service provision. PES scheme is very beneficial that it helps in mobilizing funds for biodiversity conservation.

Box 9.6: Farming Linked with Global Carbon credit market in Uttar Pradesh

The Uttar Pradesh government has recently launched an agroforestry-based carbon-credit initiative that functions as a Payment for Ecosystem Services (PES) model by compensating farmers for the carbon sequestered through tree planting on their farmland. Launched around 2023 and implemented on the ground from 2024–25, the scheme aims to promote large-scale agroforestry, enhance green cover, and provide farmers with a new stream of income through carbon finance. Under this programme, farmers voluntarily register with the Forest Department, plant approved tree species on their land and become eligible for carbon-credit payments. To motivate early participation, the state provides advance payments—about Rs.10,000 per farmer—before carbon sequestration is fully realised. The value of each carbon credit is calculated at $6. As reported, 25,140 farmers have registered so far, and 237 farmers have already received advance payments, signalling high initial uptake. The plantations will be periodically verified by third-party agencies such as TERI, and carbon credits will be issued and purchased every five years for up to 30 years, offering farmers long-term financial returns. This model blends environmental benefits with livelihood enhancement by valuing carbon sequestration as an ecosystem service and monetising it through carbon markets. The project works on the basis of 'polluter pays principle', where polluting industries buy carbon credits. The scheme was implemented in six forest divisions in 2024 and seven more were added into the second phase.

C. Environment and Social Governance

9.14.3 SEBI proposed a new regulatory framework to strengthen ESG disclosures, ratings, and investing in India, aiming to curb greenwashing while keeping compliance practical. The plan introduces a Business Responsibility and Sustainability Reporting (BRSR) Core—a focused set of assured ESG indicators like emissions, water use, waste, gender diversity, and employee well-being—rolled out gradually to the top 1000 listed companies. The India ESG Outlook Report 2025 by CSRBOX evaluates the environmental, social, and governance (ESG) performance of 229 leading companies on the Bombay Stock Exchange across 13 sectors. It highlights the dominance of Scope 3 emissions, which can constitute up to 98% of total emissions in some industries.

9.15 Climate/Green Finance

9.15.1 As discussed in the previous sections, Tamil Nadu set for itself some ambitious climate goals, including, to achieve carbon neutrality well ahead of the national target of 2070, and to enhance the green cover in the state from 23.7% to 33% in ten years. The Government of Tamil Nadu has taken some important policy initiatives to combat climate change including, setting up of three key missions (viz., Climate Change Mission, the Green Tamil Nadu Mission, and the Tamil Nadu Wetlands Mission) with a budget of about $90 million; setting aside Rs. 1000 crore Green Fund to finance projects aimed at mitigating climate change impacts; launching of the District Climate Mission; and enhancing efforts to climate-proof existing sectoral plans and building the capacity of government officials. Further, Chennai City Corporation has issued green municipal bonds to raise Rs. 205.59 crore for sustainable urban infrastructure projects. Srinivasan et al. (2023)[8] highlight that the State Action Plan on Climate Change 2.0 has estimated the investment needs for the period 2021-2030 in the climate-related sectors as Rs. 3.24 lakh crore, with over Rs. 1.03 lakh crore identified as gap.

9.15.2 In addition to the above-mentioned policy initiatives, the State Government is also exploring other financing mechanisms and instruments that include, (a) carbon markets and carbon credits; (b) blended finance and international funds; and (c) insurance mechanisms.

9.16 Conclusions

9.16.1 Tamil Nadu's environmental trajectory reflects both the scale of its economic transformation and the relative strength of its governance architecture. The state has long been recognised for institutional capacity in environmental regulation, supported by an extensive network of regulatory bodies, conservation agencies, and legislative instruments addressing industrial pollution control, coastal zone management, biodiversity conservation, and climate planning. Yet rapid industrialisation, urban expansion, and intensifying climate risks are placing mounting pressure on ecosystems and regulatory systems, exposing gaps in coordination and implementation. This tension is evident in water pollution management, where Common Effluent Treatment Plants (CETPs) have played a crucial role in mitigating industrial discharge in major textile, leather, and chemical clusters. Upgrading treatment technologies, expanding capacity, and strengthening operational oversight would consolidate these gains. Complementing conventional regulation with transparency-driven approaches—such as real-time

8 Srinivasan, M., K. Ghoge, S. Haldar, A.B. Bazaz, & A. Revi (2023). **Climate Finance in India 2023,** Indian Institute for Human Settlements, https://iihs.co.in/knowledge-gateway/wp-content/uploads/2023/11/20231128_Climate-Finance-in-India2023.pdf.

public disclosure of water quality data, compliance reporting, and accessible grievance mechanisms—can deepen accountability and community participation. Similarly, the expansion of solid waste streams, particularly electronic and plastic waste, underscores the need to strengthen enforcement of Extended Producer Responsibility frameworks, formalise recycling systems, and integrate informal waste workers into regulated value chains to ensure both environmental effectiveness and social equity. In parallel, air pollution challenges arising from industrial activity, vehicular growth, and construction suggest a role for market-based instruments, including tradable emission permits, as supplements to existing regulatory tools.

9.16.2 Institutionally, Tamil Nadu possesses a robust administrative framework that can be leveraged through improved interdepartmental coordination, integrated planning platforms, and enhanced vertical alignment between state and local governments. Developing comprehensive environmental data ecosystems—by strengthening platforms such as ENVIS—would support evidence-based policymaking and public accountability. Environmental assessment processes also require recalibration, particularly in ecologically sensitive regions where project-level evaluations often fail to capture cumulative and spatially aggregated impacts. More broadly, climate action must be embedded within mainstream development planning rather than pursued as a parallel policy track. Integrating mitigation and adaptation strategies with disaster management, land-use regulation, infrastructure planning, and urban governance is essential for strengthening resilience to floods, droughts, heatwaves, and coastal erosion. While Tamil Nadu has laid a strong institutional foundation for environmental governance, the next phase of reform must prioritise implementation depth, coordination, data integration, and policy coherence to ensure that ecological sustainability remains compatible with economic growth, social inclusion, and long-term climate resilience.

Chapter 10

Women and Welfare

10.1 Introduction

10.1.1 Tamil Nadu's approach to women's development is anchored in a strong and sustained policy commitment, supported by a comprehensive institutional framework and a long history of social investment. This commitment is articulated in the State Policy for Women 2021[1], which sets out a clear vision of equitable access to services and entitlements, freedom from discrimination and violence, and equal opportunities for women to realise their aspirations. As the State builds on this foundation, attention is now focused on a limited set of emerging issues, including variations in labour-force participation, rising non-communicable disease risks, and infrastructure gaps related to childcare and mobility.

Box 10.1 Tamil Nadu in Women's Development – A Snapshot

Tamil Nadu is among India's strongest-performing states on key dimensions of women's development. The State has achieved high levels of female literacy and secondary education completion, alongside an advanced demographic transition characterised by fertility well below replacement level and a higher age at marriage. These outcomes reflect sustained public investment and institutional continuity over time.

The State also records some of the strongest maternal and reproductive health outcomes in the country, supported by near-universal institutional deliveries, high antenatal and postnatal care coverage, and a dense public health network. Tamil Nadu's comprehensive welfare architecture, including universal food security and social protection programmes, has played a central role in reducing vulnerability and improving women's human development outcomes.

In the labour market, Tamil Nadu displays a distinctive and relatively advanced employment structure. Women's labour force participation is higher than in most Indian states, with a greater presence in manufacturing and services rather than agriculture, reflecting a more diversified economic base. Taken together, these outcomes place Tamil Nadu in a strong position as it addresses second-generation challenges related to job quality, unpaid care work, nutrition, and preventive health.

10.1.2 This chapter presents an integrated, data-driven assessment of the status of women and the welfare architecture supporting them in Tamil Nadu. It draws on multiple nationally representative datasets, including the National Family Health Survey (NFHS-5), Periodic

1 Government of Tamil Nadu. (2021). Tamil Nadu State Policy for Women 2021. Department of Social Welfare and Women Empowerment.

Labour Force Survey (PLFS 2023-24), alongside administrative statistics from government departments, and insights from recent studies. Together, the chapter aims to provide a multidimensional understanding of women's welfare and empowerment across various dimensions. For most indicators, we benchmark Tamil Nadu against the all-India average and against peer states with comparable economic prosperity—Gujarat, Maharashtra, Karnataka, and Kerala.

10.1.3 The chapter examines socio-cultural and demographic determinants, including marriage patterns, fertility transitions, education, and women's agency within households. It also evaluates women's health outcomes - highlighting emerging concerns and district-level disparities and analyses women's economic participation, exploring lifecycle work patterns, sectoral employment, unpaid work burdens, and constraints created by social norms and mobility. Further, it maps women's representation in political, administrative, and judicial leadership and outlines the state's institutional mechanisms and key schemes, and concludes with a set of evidence-led policy recommendations.

10.2 Socio-cultural Context

A. Marriage Patterns

10.2.1 Tamil Nadu has consistently performed better than most Indian states in delaying the age at marriage. The median age at first marriage among women aged 25-29 stands at 22 years - almost two years higher than the national average, based on NFHS-5 data (Table 1) - reflecting the cumulative effect of rising education, improved mobility, and longstanding social reform movements in the state. The prevalence of child marriage[2] is comparatively low at 12.8 % among women aged 20–24, significantly below levels in Gujarat, Karnataka, and Maharashtra, although still higher in rural than urban Tamil Nadu. Continued efforts to reduce rural child marriage to single digits by 2030 remain crucial for sustaining the state's demographic gains.

10.2.2 A distinctive feature of the state's marital landscape is the continued prevalence of consanguineous unions. At around 28%, Tamil Nadu reports the highest incidence among its peer states (Table 10.1). These patterns are culturally rooted and carry recognised genetic risks. Rising urbanisation and targeted public health communication may help reduce the prevalence of such unions.

2 Government of Tamil Nadu. (2009). Tamil Nadu Prohibition of Child Marriage Rules, 2009. Government of Tamil Nadu.

Table 10.1: Marriage Patterns

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Median age at first marriage (women aged 25-29)	22.0	21.6	20.3	20.2	20.1	19.7
Child marriage (% women 20-24 married before 18)	12.8	6.3	21.8	21.3	21.9	23.3
Child marriage (% women 20-24 married before 18) Rural	15.2	8.2	26.9	24.7	27.6	27
Child marriage (% women 20-24 married before 18) Urban	10.4	4.1	14.2	16.1	15.7	14.7
Consanguineous marriage (%)	28.0	4.4	6.4	26.6	14.8	10.8

Source: Estimates based on NFHS-5 Reports and NFHS-5 Fact Sheets (2019-21).

B. Fertility and Family Planning

10.2.3 Tamil Nadu is also well advanced in its demographic transition. The total fertility rate (TFR) of 1.76 reported in NFHS-5 was already below the replacement level of 2.1 (Table 10.2). More recent administrative estimates place fertility even lower, around 1.4, positioning Tamil Nadu to become the first Indian state to reach population stabilisation by 2035[3]. Some fertility indicators require policy attention. Teenage pregnancy, at 6.3%, remains higher than in Kerala and Karnataka and closer to the national average. Additionally, caesarean deliveries account for 44.9% of all births, nearly twice the national level, with sharp inter-district variation (68% in Kanyakumari versus 28% in Tiruvannamalai).

Table 10.2: Fertility Indicators

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Total fertility rate	1.76	1.79	1.86	1.67	1.71	1.99
Institutional births (%)	99.6	99.8	94.3	97.0	94.7	89.0

3 Government of Tamil Nadu, Department of Health and Family Welfare. (2024). Policy Note 2024–2025.

Teenage pregnancy - women aged 15-19 who have had a child or are pregnant (%)	6.3	2.4	5.2	5.4	7.6	6.8
Births delivered by caesarean section (%)	44.9	38.9	21	31.5	25.4	21.5
Female sterilisation (%)	57.8	46.6	35.9	57.4	49.1	37.9

Source: NFHS-5 State and India Fact Sheets (2019-21).

10.2.4 Female sterilisation continues to dominate contraceptive use, accounting for 57.8% of all methods, despite the state's fertility decline. With Tamil Nadu's fertility rate having fallen below replacement level, there is a strong case for reassessing the current incentive structure that heavily favours permanent or difficult-to-reverse female sterilisation procedures over other contraceptive methods or male participation in family planning.

10.3 Women's Resources and Agency

10.3.1 Women's access to education resources has expanded substantially in Tamil Nadu. Female literacy among women aged 15–49 has reached 84%, and 24.3 % have completed 12 or more years of schooling, levels exceeded only by Kerala (Table 10.3). The higher education landscape is particularly strong, with the female Gross Enrolment Ratio (GER) standing at 47.3 % (AISHE 2021–22)[4], reflecting a combination of longstanding welfare measures, reservations, scholarships, and hostel support.

10.3.2 At the same time, low access to early childhood education remains a concern. Only one-third of girls (and boys) aged 2–4 attend pre-school or anganwadi programmes (NFHS-5), indicating significant room for improvement.

Table 10.3: Human Development Indicators

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Female Pre-school attendance (2-4 years)	46.5	56.3	55	44.2	65.8	40.3
Literacy rate 15-49 years (%)	84	97.4	73.4	73.4	82.3	71.5

4 AISHE (2021–2022). All India Survey on Higher Education (AISHE) 2021–22. Ministry of Education, Government of India, New Delhi

% in education (15-20 years)*	78	81	70.4	82.9	77.4	77.5
Median years of schooling, female (15-49 age group)	7	9	5.4	5.9	6.6	4.9
>=12 years of schooling, female (15-49 age group)	24.3	30.4	14	17.5	20.9	16.6

Source: NFHS-5 State and India Fact Sheets (2019-21), * Authors' estimates based on PLFS 2023-24 data.

10.3.3 Tamil Nadu performs well in terms of women's access to economic resources (Table 10.4). An impressive 92% of women have their own bank or savings account—higher than the national average, as well as most peer states. Awareness of microcredit programmes is high (74%), and 18% of women report taking loans from them, underscoring the deep penetration of financial inclusion programmes. Household decision-making agency, while not uniform, is relatively strong: 87% of women report participating—alone or jointly—in decisions regarding the use of their own earnings, and 78% do so for their husbands' earnings. Nearly three-quarters of participants make decisions on their own healthcare, household purchases, and family visits.

10.3.4 Digital and media exposure reveal a more mixed picture. Tamil Nadu has the highest television viewership among peer states, but print media readership is among the lowest (15%). Internet use among women remains modest (47%). The rural–urban digital divide is pronounced: only 69% of rural women own a mobile phone, and only 39% report using the internet.

10.3.5 Taken together, Tamil Nadu exhibits strong achievements in education, financial inclusion, and household decision-making, yet significant challenges persist in early childhood education, digital access, and gender gaps in earnings and safety. These structural constraints continue to shape the extent to which women can translate their educational gains into agency in both private and public domains.

Table 10.4: Women's Agency and Decision-Making Indicators (in %)

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Economic Resource and Agency						
Who have money that they can decide how to use	42.6	53.4	57.6	58.6	54.4	51.2
Who have a bank or savings account that they themselves use	92.2	78.5	70	88.7	72.8	78.6
Who have knowledge of a microcredit programme	73.8	57.5	43.2	56.9	51.6	51.3
Who have taken a loan from a microcredit programme	18.2	9.8	3.9	17.3	8.3	11.1
Who use mobile phone for financial transactions	26.9	22.6	21.7	43	29.8	22.5
Own house/land alone or jointly	47.9	27.3	42.6	67.6	22.9	42.3
Household Decision-Making Agency (Economic)						
Who alone or jointly with their husband decide how their own earnings	87.1	91	90.5	73.9	85.1	85.1
Who alone or jointly with their husband, decide how their husband's earnings	78.3	68.6	81.2	68.2	74.1	75.4
Who have a say in: Own health care, making major household purchases and visits to her family	72.7	69.3	75	64.5	69.5	71

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Who have no say in decisions: Own health care, making major household purchases and visits to her family	7.2	5.9	7.8	17.3	10.2	11.3
Exposure to Media and Technology						
Who read a newspaper or magazine at least once a week	14.5	58	17.2	28.6	21	14.5
Who watch television at least once a week	83.4	72.2	54.6	73.8	59.5	53.5
Ever used the internet	46.9	61.1	30.8	35	38	33.3

Source: NFHS-5 State and India Fact Sheets (2019-21).

10.4 Health, Nutrition, and Well-being

A. Reproductive and Maternal Health

10.4.1 Tamil Nadu has historically been one of India's strongest performers in advancing women's health, reflecting sustained public investment in maternal and reproductive health services. The state leads all major states in antenatal and postnatal care, with 71.3% of women receiving all recommended components of antenatal care - more than double the national average - and 92.7% receiving complete postnatal checks as per NFHS-5 data (Table 10.5). Nearly universal institutional births further highlight the robustness of Tamil Nadu's maternal health system.

10.4.2 Access to menstrual hygiene products is also widespread, with 87.4% of women using sanitary napkins and only 12.7% relying on cloth, compared to 49.6% nationally. However, sanitary pad disposal presents a growing environmental challenge.

Table 10.5: Female Health Management (15-49 age group) as % of Women

Indicator	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Type of menstrual product						
Cloth	12.7	40.2	51.5	44.2	26.1	49.6
Sanitary napkins	87.4	90.6	44.1	69.1	76.1	64.4
Pregnancies ended in a non-live birth	9.9	6.5	7.3	7.1	8.4	8.8
All recommended types of antenatal care*	71.3	69.3	49	34	37.9	31.2
All recommended types of postnatal care**	92.7	85.6	92.6	90.1	87.8	83.2

Note: * For the last live birth in the 5 years preceding the survey, the mother received four or more antenatal checks, received at least one tetanus toxoid injection, and took iron and folic acid tablets or syrup for 100 days or more. *

*For the last live birth in the 5 years preceding the survey. Postnatal health checks are checks on the woman's health within 42 days of the birth.

Source: NFHS-5 State and India Fact Sheets (2019-21)

10.4.3 Despite these achievements, some outcome indicators require close attention. Tamil Nadu reports the highest proportion of pregnancies ending in non-live births among its peer states (9.9%, compared with 6.5% in Kerala). These patterns point to persistent gaps in underlying maternal health conditions and quality of care, even in the context of strong service delivery.

B. Nutrition and Anaemia

Table 10.6: Female Nutrition and Health Indicators, % of Age Group Population, 2019-21

	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	India
Age 15-49						
With normal Waist-to-hip ratio*	44.3	29.4	56.3	55	55.6	43.4
Anaemia (among all women)**	53.4	36.3	65	47.8	54.2	57
Women not consuming milk or curd even once a week	10.6	19.9	19.4	6.0	28.3	27.8
Not consuming pulses or beans even once a week	12.6	10	6.5	2.9	9.1	7.1
Not consuming fruits even once a week	36.6	24	46	21.5	45.5	50.3
Not consuming fish, chicken or meat even once a week	25.4	9.5	79.8	42.3	54.7	54.9
Who have Diabetes	2.9	4.1	1.3	2	1.7	1.9
With Goitre or other thyroid disorders	4.1	8.7	1.2	2	2.1	2.7
Age 30-49						
Ever undergone a screening test for cervical cancer	9.8	3.5	0.2	0.5	2.3	1.9
Ever undergone a breast examination for breast cancer	5.6	2.4	0.1	0.4	1.3	0.9
Prevalence of hypertension (aged 15 and above)	24.8	30.9	20.5	25.0	23.1	21.3
High glucose or taking medicine to lower glucose (all women)	20.7	24.8	15.8	14	12.4	13.5

Note: * Normal waist to hip ratio <0.85, *

*Percentage of women (15–49 years) who are anaemic (haemoglobin < 12.0 g/dl, for pregnant women < 11.0 g/dl).

Source: NFHS-5 State and India Fact Sheets (2019-21).

10.4.4 Anaemia remains a significant health concern among women. Over half of all women aged 15–49 (53.4%) are anaemic, with substantial inter-district variation—exceeding 66% in Perambalur and falling to around 41% in Theni. Dietary diversity needs improvement, especially towards protein food: 12.6% of women report not consuming pulses or beans even once a week, 10.6% do not consume milk or curd weekly, and 36.6% do not consume fruits (Table 10.6)

10.4.5 Tamil Nadu's universal Public Distribution System (PDS) provides critical food security, yet evaluations highlight unintended nutritional consequences. The availability of free or inexpensive rice may be associated with lower dietary diversity and nutrient-rich foods - pulses, vegetables, dairy, and fruit - particularly in low-income households. The state may consider piloting nutrition-sensitive reforms within the PDS to better align subsidies with women's nutritional needs.

C. Non-Communicable Diseases and Screening

10.4.6 Emerging non-communicable diseases also warrant attention. Only 44.3% of women have a normal waist-to-hip ratio, lower than in Gujarat, Maharashtra, or Karnataka, suggesting an elevated risk of central obesity. The prevalence of thyroid disorders (4.1%) and diabetes (2.9%), while not the highest among southern states, still reflects growing metabolic health risks. Cancer screening rates remain low: only 9.8% of women have ever undergone cervical cancer screening, and 5.6% have had a breast examination. Makkalai Thedi Maruthuvam[5], a state government programme that delivers healthcare services at the doorstep, including screening for non-communicable diseases and the provision of medicines, has significantly expanded medical screening coverage. According to the State Planning Commission's (2023) study about the implementation of the scheme, in Tamil Nadu, 69.1% of women were screened for diabetes mellitus and 75.1% were screened for hypertension in the year preceding the survey.

10.5 Labour Market Outcomes

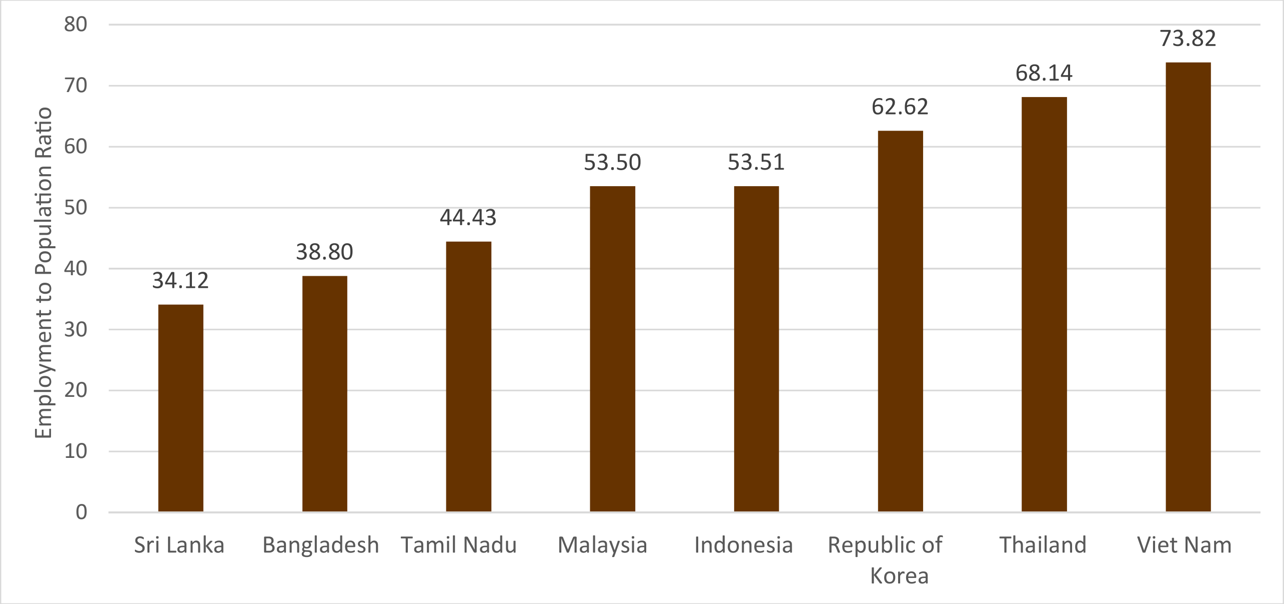
10.5.1 Tamil Nadu has taken several proactive steps to expand women's employment - permitting night-shift work, increasing training subsidies, and investing in safe working women's hostels to support urban mobility. To understand the extent of women's economic participation, this section uses the Employment-to-Population Ratio (EPR), which provides a more accurate picture of realised employment than the Labour Force Participation Rate (LFPR). LFPR systematically undercounts women who would like to work but are not

5 State Planning Commission. (2023). Evaluation of Non-Communicable Disease Cascade Care under Makkalai Thedi Maruthuvam in Tamil Nadu – A Cross-Sectional Study. State Planning Commission, Government of Tamil Nadu. https://spc.tn.gov.in/wp-content/uploads/M_T_M.pdf

actively seeking employment due to the unavailability of suitable jobs, lack of information, care responsibilities, commuting barriers, or social norms that discourage job-seeking. EPR captures both employed and discouraged workers, making it the more appropriate metric for women's labour market analysis.

A. International Comparisons

Figure 10.1: Labour Market Outcomes: Comparisons with Other Countries



Source: ILO ILOSTAT Database 2024, World Bank Gender Data Portal.

10.5.2 Tamil Nadu's EPR for women (15–64 years) stands at 44.4 %, positioning the state between South Asia and Southeast/East Asia in terms of women's economic integration (Figure 10.1). Tamil Nadu performs better than Sri Lanka (34.1%) and Bangladesh (38.8%), but is behind Malaysia (53.5%), Indonesia (53.5%), Thailand (68.1%), South Korea (62.6%), and Vietnam (73.8%) (ILO 2024; World Bank 2025). These international comparisons thus underscore the significance of economic structure—particularly export-linked, labour-intensive manufacturing and skilled services—in facilitating large-scale women's employment.

B. Tamil Nadu Women's Employment in the Indian Context

Table 10.7: Employment to Population Rate (20-64 years)

	1. Principal Status Only	2. Principal + Subsidiary Status	3. (2 minus Unpaid work in family enterprises)
Tamil Nadu	42.3	48.9	44.7
Kerala	32.3	42.9	39.2
Gujarat	42	52.3	36.9
Karnataka	44.4	46.6	34.1
Maharashtra	45.5	47	34.7
India	35.1	47.5	33.3

Note: Principal Activity Status is defined as the activity status on which a person spent relatively long time (major-time criterion) during the 365 days preceding the date of the survey. Subsidiary Status is defined as the activity status in which a person — in addition to his/her usual principal status — performs some economic activity for 30 days or more during the reference period of 365 days preceding the date of survey

Source: Authors' Estimates based on PLFS 2023-24 data

10.5.3 Comparing Tamil Nadu with its domestic peers offers further insights (Table 10.7). Tamil Nadu's EPR (48.9%, principal plus subsidiary status) is the second-highest among major states, according to the PLFS 2023–24 analysis. Excluding unpaid work in family enterprises—a category that traps many women in unremunerated roles—Tamil Nadu ranks at the very top with an EPR of 44.7%. Only 4.2% of women are engaged in unpaid family work, compared with more than 15% in states such as Gujarat, demonstrating the state's relative success in enabling market-based, remunerated work.

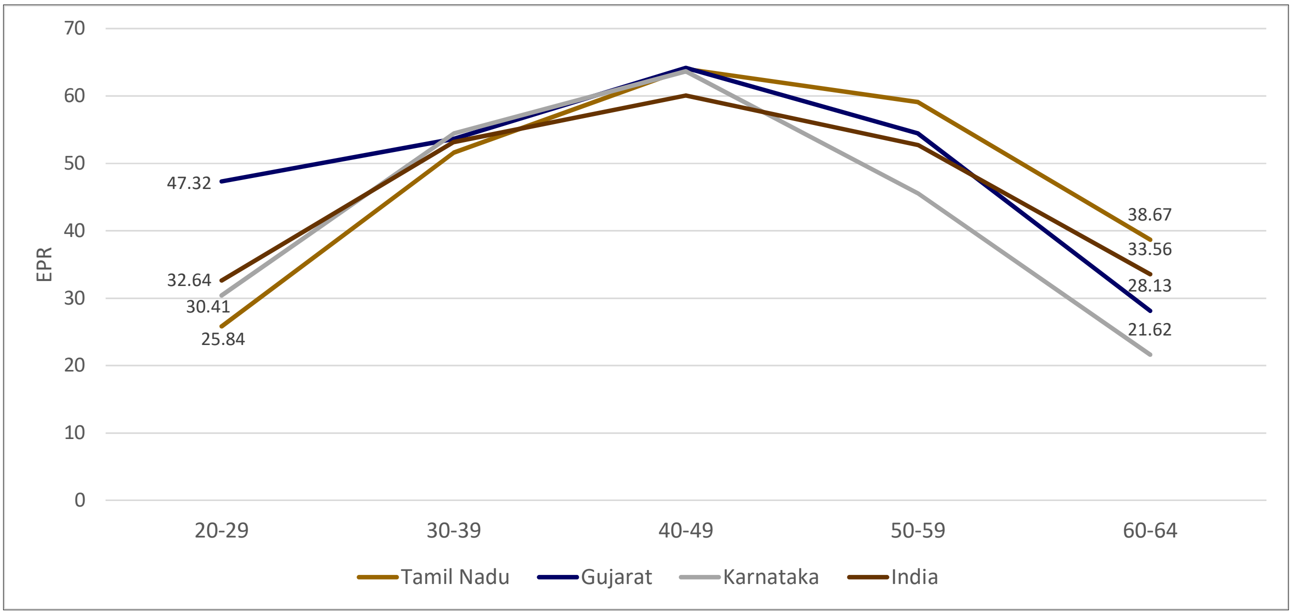
10.5.4 Rural women's employment stands at a striking 62%, boosted significantly by employment under the national rural employment guarantee scheme under the Mahatma Gandhi Rural Employment Guarantee Act 2005 (MGNREGA). Women accounted for 86.7% of total person-days under the scheme in 2025 in Tamil Nadu, compared to 47% in Gujarat and 46% in Maharashtra, reflecting Tamil Nadu's effective implementation. In contrast, urban women's employment is lower at 33.5%, but a significantly higher share of urban working women is in regular salaried jobs. Over half of employed urban women held regular salaried jobs in 2023–24, indicating greater access to formal employment in cities.

C. Lifecycle Patterns of Women's Work

10.5.5 Tamil Nadu exhibits a distinctive employment lifecycle. Younger women, particularly those in their twenties, tend to have relatively low employment rates. Only 23.4% of married women aged 20–29 is employed—well below the national average (32.8%), based on PLFS 2023–24. These patterns suggest that marriage and household responsibilities remain a significant barrier to women's early labour market participation in the state.

10.5.6 The employment rate for women rises steadily in the 40-60 age group (Figure 10.2). Tamil Nadu's EPR surpasses national averages for women aged 40–49 and remains strong among women aged 50–59, as well as those aged 60–64. This suggests delayed entry or early withdrawal due to education and care responsibilities, followed by re-entry as household burdens ease.

Figure 10.2: Age Category-Wise Employment to Population Ratio



Source: Estimates based on PLFS 2023-24 data

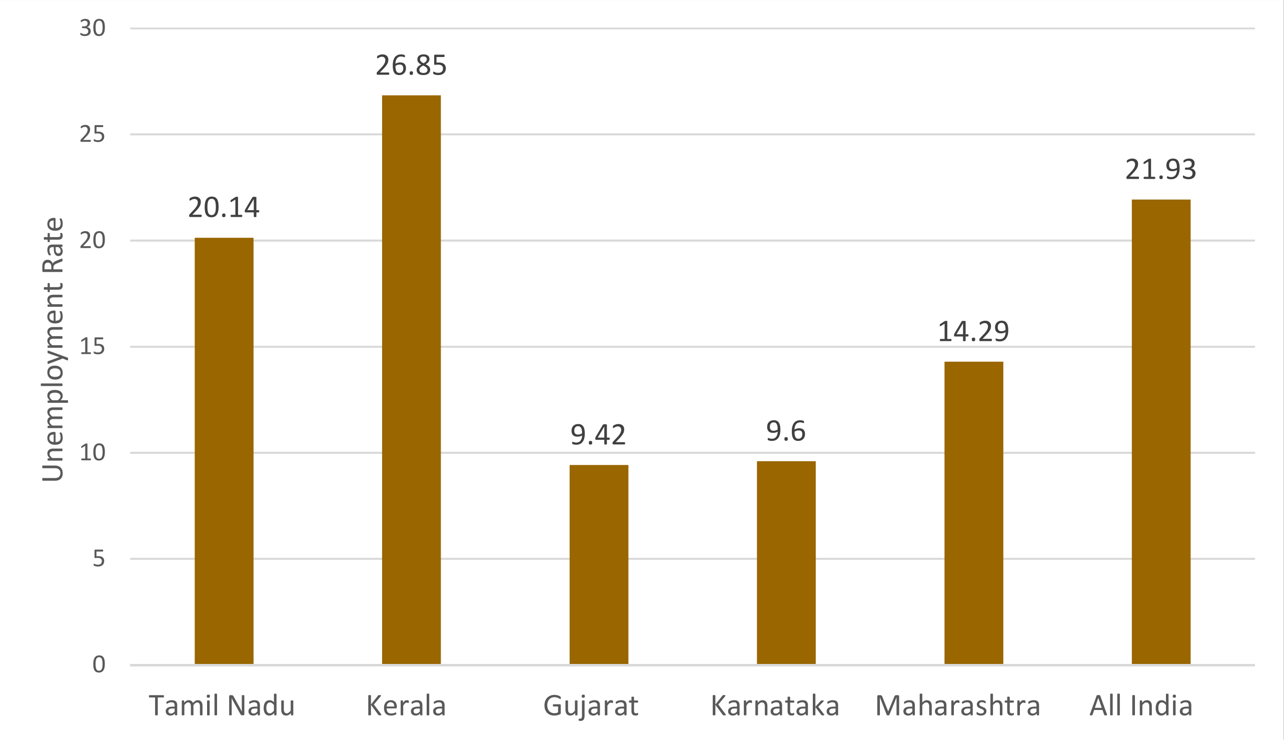
D. Education and Employment: A Paradox

Table 10.8: Education-wise EPR (20-64 Years)

Education Category	Tamil Nadu	Kerala	Gujarat	Karnataka	Maharashtra	All India
Not literate + no formal education	66.1	51.7	66.1	59.4	59.3	60.4
<= Primary schooling	62.7	43.0	54.5	52.6	57.2	54.8
Middle School	48.0	46.1	52.3	44.8	48.8	45.3
Secondary School	41.1	34.8	40.1	35.7	37.5	34.1
Diploma/certificate + graduate and above	33.1	47.0	39.0	40.0	39.0	34.5

Source: Authors' estimates based on PLFS 2023-24 data

Figure 10.3: Highly Educated Women Unemployment (Diploma/Degree Holders), 20-64 years



Source: Estimates based on PLFS 2023-24 data

10.5.7 Education-employment patterns reveal a critical paradox. Tamil Nadu records exceptionally high employment among women with little or no education, but one of the lowest employment rates among educated women (Table 10.8). Only about 1 in 3 diploma-holders and graduates are employed, which is lower than in Kerala (47%), Karnataka (40%), and the national average (34.5%). This mismatch highlights a structural gap between the skills developed by Tamil Nadu's education system and the sectors that currently employ women workers.

10.5.8 Regardless of the underlying reasons for low employment among highly educated women, the presence of high-quality, skilled jobs is a prerequisite for translating education into labour-market participation. Tamil Nadu is well positioned in this regard to capitalise on the rapid expansion of Global Capability Centres (GCCs), offering a significant and growing opportunity for educated women to enter formal, well-paid, and skills-intensive employment (Box 10.2).

Box 10.2 The Promise and Potential of GCCs

The state has the distinctive feature of having a higher proportion of women enrolled in higher education than men. The central challenge now lies in ensuring adequate absorption into skilled employment. In this context, Global Capability Centres (GCCs) and Global Service Centres (GSCs) represent a significant and expanding source of high-quality, skilled jobs that can help bridge this gap.

GCCs and GSCs in India serve as the in-house strategic units of multinational corporations. Today, these centres manage core business functions, drive innovation, support global operations, and anchor digital transformation across various industries, including technology, banking and financial services (BFSI).

Tamil Nadu is among the leading destinations for GCCs, hosting over 350 such units that collectively employ around 225,000 people, of whom roughly 32% are women. While most GCCs remain concentrated in Chennai, an emerging trend of expansion into Tier-2 cities—such as Madurai, Coimbatore, and Tiruchirappalli—illustrates the state's increasing attractiveness as a diversified hub (NASSCOM, 2025[6]). The number of women employed in Tamil Nadu–based GCCs is expected to rise to approximately 150,000 by 2030.

Companies like DesiCrew a technology solutions provider have sought to employ educated

6 NASSCOM (2024) India GCC Landscape Report – The 5 Year Journey, NASSCOM-ZINNOV, https://zinnov.com/centers-of-excellence/zinnov-nasscom-india-gcc-landscape-report-the-5-year-journey-report/, accessed on November 20, 2025

women in rural areas, including first generation women students. Supportive policies and targeted incentives can encourage the scaling of such enterprises, enabling the replication of inclusive rural development models across the state. Doing so would broaden access to high-quality, skilled jobs, improve women's economic mobility, and enable Tamil Nadu to fully leverage the opportunities presented by the expanding GCC ecosystem.

10.5.9 Large, labour-intensive industries—textiles, apparel, footwear, and tobacco—account for nearly 70% of all female industrial employment. These sectors have historically provided women with stable employment; however, they remain low in technological intensity and innovation, resulting in lower wages and slower productivity growth. This requires the state to simultaneously generate quality employment for the skilled women seeking work.

10.6 Gender Norms and Unpaid Work

Table 10.9: Time Use Patterns, 2024

	Tamil Nadu		India	
	Male	Female	Male	Female
% participating in Unpaid domestic services for household members	27.4	81.6	25	80.9
% participating in Unpaid caregiving services for household members	15.4	25.4	16.2	32
Average Minutes spent in unpaid domestic services for household members daily among participants	83	248	98	304
Average minutes spent in unpaid caregiving services for household members daily among participants	81	144	83	142
Average minutes spent at workplace daily among participants	526	405	488	356

Source: Government of India (2024), Time Use Survey7

7 Government of India (2024). Time Use Survey, 2024. National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India, New Delhi

10.6.1 Unpaid domestic and care work remains the most significant constraint on women's labour force participation. The Time Use Survey 2024 data show that 81.6% of women participate in unpaid domestic work, compared with only 27.4% of men (Table 10.9). Women spend 392 minutes daily on domestic and caregiving tasks—more than twice the 164 minutes spent by men. Men's participation in domestic work mirrors the Indian average, suggesting limited evolution in gender norms.

10.6.2 Overall, Tamil Nadu stands out for its high levels of non-farm employment among women and its unusually low dependence on unpaid family work. However, low employment among young and educated women, limited expansion into high-skilled sectors, and the persistence of domestic responsibilities as major barriers suggest that the next phase of gender-inclusive growth will require sustained investments in childcare, transport, and sectoral diversification. The lack of district-level employment statistics, reliable information on intra- and inter-state women migrants, systematic mapping of childcare facilities, and disaggregated records on welfare-scheme beneficiaries significantly constrains deeper analysis. It limits the state's capacity to design targeted, evidence-based interventions.

10.7 Women in Leadership and Decision-Making

10.7.1 Tamil Nadu's sustained investments in women's education, health, and social development have resulted in a leadership landscape that is more gender-inclusive than in many other Indian states. Yet representation varies significantly across domains of governance, public administration, policing, and the judiciary. Women hold a strong presence in local government, district administration, and the subordinate judiciary, but remain considerably underrepresented in higher political offices, senior bureaucracy, the Indian Police Service (IPS), and the higher judiciary. These patterns reflect both institutional design and structural barriers that continue to shape women's leadership trajectories.

A. Political Leadership

Table 10.10: Women in Leadership Roles

	Women (%)	Year of Data
Political		
Panchayat Ward Members	56.0	2024[1]
Councillors in Urban Local Bodies	51.8	2022[2]
Members of the Legislative Assembly	5.1	2021[3]

Lok Sabha Members from Tamil Nadu	12.8	2024[4]
Administration		
IAS Officers – TN Cadre	32.4	2025[5]
District Collectors (IAS)	36.8	2024[6]
Police and Judiciary		
Police Personnel	26.7	2023[7]
Police IPS officers	15.3	2025[8]
Lawyers	13.7	2022[9]
Subordinate Court Judges	39.9	2022[10]
High Court Judges (Madras HC)	21.8	2025[11]

Sources: Based on data from –
1.RDPR Policy Note 2024-25,
2.TN Urban Local Bodies Policy Note 2022,
3.https://assembly.tn.gov.in/
4.https://myneta.info/LokSabha2024 index php?action=summary&sort=candidate&subAction=winner_women&utm_
5.https://iascivillist.dopt.gov.in/Home/ViewList
6.https://www.tn.gov.in/district_collector.php
7.https://cms.tn.gov.in/cms_migrated/document/docfiles/police_e_pn_2023_24.pdf
8.https://ips.gov.in/Empanelment/Civil_list2025.pdf
9.https://legalaffairs.gov.in/sites/default/files/AU2187.pdf
10.https://indiajusticereport.org/indicator/308/ijr-3/large-states/table 11https://hcmadras.tn.gov.in/present_judges.php Accessed last on November 16th, 2025.

10.7.2 Women's representation is highest in local political institutions. In 2024, women accounted for 56% of Panchayat Ward Members and 51.8% of Urban Local Body Councillors, far exceeding the all-India average of 44% (Table 10.10). These gains reflect the impact of constitutionally mandated gender reservations, combined with Tamil Nadu's long history of decentralised governance. However, representation declines sharply at higher levels of political leadership. Only 5.1% of Members of the Legislative Assembly (2021) and 12.8% of Lok Sabha MPs from Tamil Nadu (2024) are women.

B. Leadership in State Bureaucracy

10.7.3 In public administration, women constitute approximately 32% of the Tamil Nadu cadre of the Indian Administrative Service (IAS). However, Tamil Nadu fares marginally better at the district-level leadership: 36.8% of District Collectors in 2024 were women, indicating that once women enter the IAS, they have relatively greater opportunities to occupy district executive roles.

C. Police and Judiciary leadership

10.7.4 The Tamil Nadu police force is comparatively gender-diverse, with 26.7% women personnel as of 2023—more than double the national average of 12%. This progress is partly due to sustained recruitment efforts and the state's pioneering model of All-Women Police Stations. However, representation narrows at senior levels: only 15.3% of IPS officers in the Tamil Nadu cadre are women.

10.7.5 Tamil Nadu also performs relatively well in the judicial system. Women constitute close to 40% of judges in the subordinate judiciary, substantially above the national average of 30%. In the higher judiciary, women's representation remains lower but still better than the national average: 21.8% of Madras High Court judges in 2025 are women, compared with around 14–15% across all Indian High Courts.

10.7.6 Tamil Nadu's women leadership reveals three broad and consistent patterns. Women are strongly represented in positions where gender quotas exist, such as local bodies and the subordinate judiciary; they achieve moderate representation in institutions where transparent, merit-based recruitment systems are in place, such as district administration and district courts; and they remain significantly underrepresented where gatekeeping is most entrenched.

10.7.7 These patterns align with national and international evidence showing that gender quotas and open recruitment processes expand women's access to leadership, whereas male-dominated nomination and appointment systems restrict advancement. For Tamil Nadu—already a frontrunner in women's social development—the next stage of leadership inclusion will require strengthening women's political pathways through leadership training and party-level nomination reforms, revisiting service norms that restrict women's mobility in the bureaucracy and police and sustaining investments in the legal pipeline by expanding opportunities in legal education, clerkships, and early-career judicial roles. Strengthening these institutional pathways is essential for translating the state's broad social gains into equitable representation at all levels of leadership.

10.8 Institutional Mechanisms and Policy Recommendations

A. Institutional Architecture

10.8.1 Tamil Nadu's institutional architecture for women's welfare operates through three interconnected tiers that collectively shape policy formulation, implementation, and monitoring. At the apex sits the Department of Social Welfare and Women Empowerment, the nodal agency responsible for programmes for women, children, senior citizens, and transgender persons. This is supported by district-level social welfare officers who manage the delivery of schemes and ensure coordination with local institutions. The third pillar is the State Commission for Women, established in 1993 as a statutory body for grievance redressal, oversight, and advocacy.

10.8.2 In addition to these core institutions, Tamil Nadu has created specialised bodies that address distinct vulnerabilities. The Widows and Destitute Women Welfare Board support rehabilitation, safety, and economic reintegration for women in distress. The pioneering Transgender Welfare Board, established in 2008, reflects Tamil Nadu's longstanding commitment to inclusion. However, further strengthening of institutional mechanisms is required to ensure fairness and employment opportunities for transgender individuals (Box 10.3).

10.8.3 The state hosts 99 Women Industrial Tailoring Cooperative Societies, a Transgender Tailoring Society, and 25 Weaning Food Industrial Cooperative Societies[8]. Workplace safety has been strengthened through the constitution of 43,783 Internal Committees under the Sexual Harassment of Women at the Workplace Act, 2013.

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8 Government of Tamil Nadu, Commissioner of Social Welfare, Women Welfare and Empowerment Department. (2025–2026). Policy note 2025–2026.

Box 10.3 Transgender Rights and Welfare Policy Framework for Tamil Nadu

The Indian Constitution guarantees transgender persons equality, dignity, and the right to self-identify under Articles 14, 15, 16, 19(1)(a), and 21. International evidence suggests that transgender persons constitute 0.3–0.5% of the adult population (Zhang et al., 2020[9]); applied to Tamil Nadu's projected 2026 population by the Ministry of Statistics and Program Implementation, this translates to an estimated 171,528–285,880 individuals.

Tamil Nadu has been a national pioneer in transgender welfare, establishing India's first Transgender Welfare Board in 2008 and building a comprehensive system of social, economic, and legal support. The Board facilitates identity documentation (ID, ration card, voter ID), provides assistance with house patta, ensures access to healthcare and insurance, offers free housing schemes, and supports education through loans and skill-training programmes. Livelihood support includes equipment such as sewing machines, formation of SHGs, establishment of Short Stay Homes, and direct financial aid.

In 2024–25, 1,599 transgender individuals received monthly pensions, and up to Rs. 50,000 in annual assistance was provided to 200 individuals for self-employment purposes. Under the Vidiyal Payanam scheme, transgender persons are eligible for free bus journeys. Nearly 10,000 individuals have obtained transgender ID cards through the Thirunangaigal mobile app, introduced in 2021. A transgender tailoring cooperative operates under the Women Industrial Cooperatives, supporting community-led economic participation.

Education-focused support has expanded through the Higher Education Assistance Scheme (2024)[10], which fully covers tuition and hostel fees for transgender students.

10.9 Key Schemes and Implementation

10.9.1 Tamil Nadu implements one of India's most extensive portfolios of schemes for the welfare of women and girls. A complete list of active schemes—organised by category, department, and purpose—is provided in Appendix 1.

9 Zhang, Q., Goodman, M., Adams, N., Corneil, T., Hashemi, L., Kreukels, B., Motmans, J., Snyder, R., and Coleman, E. (2020). Epidemiological considerations in transgender health: A systematic review with focus on higher quality data. International Journal of Transgender Health, 21(2), 125–137. https://doi.org/10.1080/26895269.2020.1753136

10 Government of Tamil Nadu. (2024). Higher Education Assistance Scheme for Transgender Persons. Social Welfare and Women Empowerment Department.

A. Direct Income Support and Household Security

10.9.2 The state government operates two cash transfer schemes: an unconditional cash transfer scheme, Kalaignar Magalir Urimai Thogai (KMUT), and a conditional cash transfer for higher education, Pudhumai Penn Scheme[11], which illustrates Tamil Nadu's shift toward direct empowerment through financial support.

10.9.3 KMUT, launched in September 2023, has recorded a wide reach within a short period. The impact evaluation by Rukmini (2025)[12] finds 64% household coverage in rural areas and 55% in urban areas, with strong inclusion of disadvantaged groups—46% of rural and 16% of urban beneficiaries. Women report improved self-confidence, greater control over household spending, and reduced reliance on small borrowings.

10.9.4 Pudhumai Penn supports girls from government schools and government-aided Tamil-medium schools pursuing higher education. The State Planning Commission (2024) evaluation indicates that the scheme has reduced dropout risks, enabled transitions into higher education, and significantly benefited low-income rural households. 27.6% of beneficiaries from farm labourer families secured admission into engineering programmes. Beneficiaries primarily use the assistance to cover college fees, supplementary educational expenses, and transportation costs.

C. Mobility and Work Participation

10.9.5 Mobility is central to women's access to both education and employment, and Tamil Nadu's interventions directly address constraints such as cost, safety, and dependence on male relatives. Vidiyal Payanam[13] has expanded women's independent mobility across the state, reducing transportation expenses and improving access to workplaces and markets. The Pink Auto Scheme encourages women to enter the urban transport workforce, opening a new avenue of stable self-employment while improving the availability of safe transport options for other women. Free bus pass schemes for students ensure uninterrupted access to school and college, especially for those from low-income households.

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11 State Planning Commission. (2024). Evaluation of Moovalur Ramamirtham Ammaiyar Higher Education Assurance Scheme (Pudhumai Penn). State Planning Commission, Government of Tamil Nadu. https://spc.tn.gov.in/evaluation-of-pudhumai-penn-scheme/

12 Rukmini, S. (2025). Early impacts of the Kalaignar Magalir Urimai Thorgai (KMUT) scheme.State Planning Commission, Government of Tamil Nadu. https://spc.tn.gov.in/wp-content/uploads/KMUT_Final.pdf

13 State Planning Commission. (2022). Vidiyal Payanam Scheme: Free bus travel for working women – Scheme brief. State Planning Commission, Government of Tamil Nadu. https://spc.tn.gov.in/vidiyal-payanam-scheme/

D. Economic Empowerment and Livelihoods

10.9.6 Tamil Nadu's livelihood programmes span both self-employment and urban wage employment. The Sathyavani Muthu Ammaiyar Free Sewing Machine Scheme, along with the state's network of Women Industrial Tailoring Cooperative Societies, has long supported home-based and small-scale entrepreneurial activities, particularly among women seeking flexible work arrangements. The Annai Sathiyavani Muthu Ammaiyar Motorised Sewing Machine Scheme extends this support by providing improved tools to economically weaker women, widows, and destitute women, enabling them to increase productivity and earnings.

10.9.7 Urban employment opportunities are supported by a network of hostels for working women, which provide safe accommodation, helping women migrate for work in towns and cities (Box 10.4). Together, these schemes support diverse forms of employment suited to women's varied household responsibilities, mobility constraints, and skill levels.

Box 10.4 Enabling women's migration for employment -The Thozhi Hostels Initiative

One of the biggest barriers to women migrating independently for work is the lack of safe, secure, and affordable accommodation in urban areas.

Recognising this evolving need, the Government of Tamil Nadu established the Tamil Nadu Working Women's Hostels Corporation Limited (TNWWHCL) in 2020 under the Companies Act, 2013. Its mandate is to build and maintain a high-quality, affordable, and financially viable network of hostels for working women from all socioeconomic backgrounds. The Corporation is responsible for creating new Thozhi[14] hostels— 'Thozhi' meaning 'friend' in Tamil—and upgrading existing facilities to contemporary standards of quality and safety.

According to TNWWHCL, Thozhi hostels are designed to function as a 'home away from home,' offering secure, comfortable, and hygienic living spaces at affordable rates. Importantly, the security deposit is set at the equivalent of one month's rent—significantly lower than what is required in most private paying-guest accommodations—reducing barriers for women transitioning into urban employment. It is worth noting that rooms are also available for shorter stays, subject to availability, thereby catering to women's need for temporary services.

14 World Bank (2024) Tamil Nadu Working Women's Hostels – A Home Away from Home, September, 23. https://www.worldbank.org/en/news/feature/2024/09/23/tamil-nadu-working-women-s-hostels-a-home-away-from-home, Accessed last on November 20, 2025

As of November 2025, 19 Thozhi hostels were fully operational across 15 districts, collectively serving 1,824 working women. Demand remains high, with an overall occupancy rate of 87% in October 2025 and full occupancy in Chennai, Trichy, and Coimbatore, as per data shared by the management.

10.10 Policy Recommendations

10.10.1 Tamil Nadu implements a wide array of schemes for girls and women. Yet, there is no unified system to track, over time, which schemes an individual beneficiary has accessed—or to identify those who have been entirely excluded. Establishing a longitudinal, beneficiary-level tracking mechanism is crucial for assessing cumulative benefits, preventing duplication, reducing the fiscal burden, and ensuring that the most vulnerable girls and women are effectively reached.

10.10.2 Tamil Nadu's next phase of women's development requires a decisive shift from an input-driven approach to an outcome-driven governance model that evaluates whether programmes translate into meaningful improvements in empowerment, mobility, safety, employment, and wellbeing. A unified gender outcomes dashboard with district-level indicators on education completion, labour-force participation, workplace safety, health, nutrition, and mobility would allow policymakers to identify disparities early, allocate resources efficiently, and strengthen accountability.

10.10.3 Stronger institutional capacity is essential for this transition. Persistent inter-district variation in scheme performance reflects uneven staffing, weak inter-departmental coordination, and limited gender-specialised expertise. A major constraint is the limited availability of recent causal evaluations.

10.10.4 Women's employment requires a stronger policy focus. Despite high educational attainment, women remain concentrated in low-productivity services and face rising educated unemployment. Tamil Nadu should prioritise job creation in sunrise sectors, advanced manufacturing, digital services, and GCCs. Urban support systems for housing and child/elderly care must expand to meet the needs of single working women.

10.10.5 Further research is needed to understand women's advancement within industry, including the impact of childcare breaks on promotion prospects and the role of implicit biases in limiting women's progression into supervisory roles[15]. Findings from such research can inform labour reforms and workplace policies.

15 Mahambare, V. (2023). Women in workforce: Tamil Nadu's progress and challenges. Industrial Economist. https://industrialeconomist.com/women-in-workforce-tamil-nadu/3/, Accessed last on November 20, 2025.

10.10.6 Shifting social norms remains fundamental. School-based gender-sensitisation modules that address household labour sharing, financial autonomy, decision-making, and the prevention of domestic violence[16] can shape attitudes early and contribute to long-term change. Successful pilot interventions should be scaled statewide.

10.10.7 Finally, improving women's health must be prioritised. This includes strengthening menstrual hygiene management, ensuring access to sustainable products, expanding clean public washrooms, reducing anaemia, improving cervical and breast cancer screening, addressing the rising prevalence of non-communicable diseases and promoting healthier diets.

10.11 Conclusions

10.11.1 Tamil Nadu's experience in women's development is distinguished by its breadth of coverage, policy continuity, and institutional depth. Over several decades, sustained public investment and a welfare architecture centred on gender inclusion have generated substantial gains across core indicators of wellbeing. Women marry later, fertility has fallen below replacement levels, institutional deliveries are near universal, and educational attainment—particularly in higher education—is among the highest in India. Financial inclusion is widespread, decision-making agency within households is comparatively strong, and women are well represented in local governance and segments of public administration. These achievements reflect a development trajectory in which social reform and state intervention have systematically expanded women's capabilities. Yet the contemporary phase reveals a transition from access deficits to structural constraints. Despite high levels of human capital formation, labour market participation among young and educated women remains low, with marriage and care responsibilities sharply reducing engagement during prime working years and only a minority of graduate women in employment. Occupational concentration in low-productivity sectors and persistent gender wage gaps point to binding constraints rooted less in capability deficits than in entrenched social norms, care burdens, mobility limitations, and insufficient availability of secure and gender-responsive employment opportunities.

10.11.2 Parallel tensions are visible in health and leadership outcomes. While Tamil Nadu's public health system ensures extensive service delivery, emerging concerns—such as anaemia, inadequate dietary diversity, rising non-communicable diseases, low cancer screening, and elevated caesarean rates—signal a shift in priorities from access to quality, prevention, and long-term wellbeing. Food security mechanisms, including the universal

16 Government of India. (2005). The Protection of Women from Domestic Violence Act, 2005. Ministry of Law and Justice.

PDS, may require nutrition-sensitive recalibration to better address women's health outcomes. Patterns of representation further demonstrate that where institutional pathways are deliberately inclusive—through quotas or transparent recruitment—women's participation rises significantly, underscoring that structural design rather than individual capability constitutes the principal constraint. The next phase of policy must therefore move beyond expansion toward transformation, embedding longitudinal monitoring of women's trajectories and placing employment generation at the centre of gender strategy through growth in high-productivity sectors and investments in childcare, mobility, and housing. Strengthened attention to nutrition, menstrual health, and screening for chronic diseases, alongside sustained efforts to reshape norms around care and economic autonomy, will be essential. Tamil Nadu has established a strong foundation of gender equity; the challenge ahead lies in converting these social gains into enduring economic participation, leadership, and wellbeing across the life course.

Annexures

3. Employment: Inclusion and Diversification

Table A3.1: Usual Status Employment Indicators

Age Group:	2021-22						
20-59	WPR	LFPR	UR	NILF	NILF_E	NILF_D	NILF_O
Tamil Nadu	67.9	71.5	5.1	28.5	2.7	23	2.8
Karnataka	64.5	66.6	3.1	33.4	4.1	24.6	4.7
Kerala	60.4	67.8	10.9	32.2	4.8	22.4	5
Andhra Pradesh	69.1	72.4	4.5	27.6	3.2	20.5	3.9
Telangana	70.7	73.9	4.4	26.1	3.8	19	3.3
Maharashtra	66.9	69.4	3.6	30.6	5.1	22.8	2.7
Gujarat	66.7	67.9	1.8	32.1	3.1	23.9	5.1
India	63.6	66.3	4	33.7	4.1	19.4	10.2
Age Group:	2023-24						
20-59	WPR	LFPR	UR	NILF	NILF_E	NILF_D	NILF_O
Tamil Nadu	69.6	72.1	3.6	27.9	3.2	22	2.7
Karnataka	70	71.9	2.7	28.1	3.8	20.4	3.9
Kerala	63.1	68.9	8.5	31.1	5.2	18.7	7.2
Andhra Pradesh	72	75.1	4.2	24.9	2.2	19.4	3.3
Telangana	72.4	76.2	4.9	23.8	3.7	17.6	2.5
Maharashtra	69	71.5	3.6	28.5	4.5	21	3
Gujarat	74.7	75.5	1	24.5	2.6	19.1	2.8
India	69.5	71.8	3.2	28.2	3.6	17	7.6

Source: Authors' calculations from Periodic Labour Force Survey (PLFS) 2021-22 and 2023-24

Note: WPR – Worker Population Ratio

LFPR – Labour Force Participation Rate

UR – Unemployment Rate

NILF – Not in Labour Force

NILF_E – Not in Labour Force due to attendance in educational institutions

NILF_D – Not in Labour Force due to domestic responsibilities

NILF_O – Not in Labour Force due to other reasons

Table A3.2: Youth Employment Indicators by Gender

Age Group 15-29	2023-24						
	Male						
	WPR	LFPR	UR	NILF	NILF_E	NILF_D	NILF_O
Tamil Nadu	51.5	59	12.7	41	39.1	0.1	1.8
Karnataka	54.2	60.5	10.3	39.5	38.7	0.02	0.78
Kerala	41.3	51.2	19.3	48.8	46.1	0.02	2.68
Andhra Pradesh	51.2	61.2	16.4	38.8	36.7	0.8	1.3
Telangana	56.2	65.2	13.9	34.8	33.9	0.02	0.88
Maharashtra	53.6	60.5	11.4	39.5	38.5	0.1	0.9
Gujarat	70.1	72.5	3.3	27.5	25.4	0.6	1.5
India	57.3	63.5	9.8	36.5	34.8	0.3	1.4
Age Group 15-29	2023-24						
	Female						
	WPR	LFPR	UR	NILF	NILF_E	NILF_D	NILF_O
Tamil Nadu	18.6	23.8	21.9	76.2	37.8	36.3	2.1
Karnataka	20.2	22.4	9.7	77.6	39	34.8	3.8
Kerala	16	30.3	47.1	69.7	45.2	17.2	7.3
Andhra Pradesh	24	29.9	19.7	70.1	32.8	36.1	1.2
Telangana	25	32.1	22.1	67.9	35.7	30.5	1.7
Maharashtra	24.1	26.6	9.2	73.4	36.2	35.2	2
Gujarat	40.6	62.3	2.7	37.7	34.4	2.7	0.6
India	25.6	28.8	11	71.2	31.5	29.3	10.4

Source: Authors' calculations from PLFS 2023-24

6. Social Sector

Box A6.1: Technical Note on UDISE+ Ratios

The enrolment ratios computed by UDISE+ are likely to be underestimated, especially at the higher education levels. While the numerators reflect actual enrolment reported by the State, the denominators are based on population projections rather than actual counts. In the absence of a Census for more than a decade, the Sample Registration System (SRS) estimates age-specific populations using assumptions that do not adequately account for Tamil Nadu's rapid fertility decline. The State's Total Fertility Rate (TFR) has been among the lowest in India—currently around 1.3 birth per women and continuing to fall. Tamil Nadu also maintains complete civil registration of births and deaths, and the number of newborns has sharply declined over the past decade. Yet these empirical trends are not factored into SRS projections, inflating the denominator and thereby depressing GER and related indicators. For policy purposes, it would therefore be advisable for the Department of Economics and Statistics to generate its own age-cohort projections based on actual birth registrations post-2011, until new Census data become available.

Box A6.2: School Infrastructure in Tamil Nadu: Key Metrics from UDISE+ 2024-25

School Infrastructure in Tamil Nadu: Key Metrics from UDISE+ 2024-25	
Total Number of Schools	57890
% of Government Schools to Total Schools	64.9%
% of Schools Having Functional Boys Toilet	90.9%
% of Schools Having Functional Girls Toilet	94.5%
Number of students per classroom (Approx.)	22
% of Schools with Functional Drinking Water	99.6%
% of Schools with Functional Electricity	99.6%
% of Schools with Library	99.1%
% of Primary Schools to Total Schools	59.0%
% of Upper Primary Schools to Total Schools	16.0%
% of Secondary Schools to Total Schools	9.5%
% of Higher Secondary Schools to Total Schools	15.3%

% of Schools Having Classrooms	99.8%
% of Schools with Functional Desktop	92.6%
% of Schools with Internet	84.9%
% of Schools with Ramp	92.7%

Source: UDISE+

Box A6.3: ASER vs. SLAS: Two Lenses on Learning Outcomes

The Annual Status of Education Report (ASER), conducted by the Pratham Foundation as an NGO-led initiative, focuses on assessing foundational literacy, numeracy, and digital skills among children and adolescents aged 14–16 in rural India, targeting villages and households where educational challenges are often most acute. This nationwide survey reached 649,491 children across 17,997 villages in 605 rural districts, with state-level details available, and employs a household-based volunteer methodology to gauge basic "ability to do" tasks.

In contrast, the State Level Achievement Survey (SLAS) 2025, led by the State Planning Commission (SPC) of the Tamil Nadu government, serves as a comprehensive diagnostic tool adapted from the National Achievement Survey framework to evaluate learning outcomes in government and government-aided schools, identifying gaps for evidence-based reforms. Covering a broader scope and larger sample than ASER, it included approximately 980,340 students from 45,924 schools across all 38 districts of Tamil Nadu—encompassing rural, suburban, and urban areas—and targeted Classes 3, 5, and 8 in subjects like Tamil, English, Mathematics, Science/EVS, and Social Science (the latter for higher classes). Administered in early February 2025 via OMR-based multiple-choice questions, it emphasized conceptual understanding, with findings notably highlighting learning gaps in urban centers such as Chennai and its suburbs for reading and mathematics.

Key differences between ASER and SLAS lie in their coverage, methodology, and purpose: ASER offers a NGO-led, rural-only snapshot for advocacy on the learning crisis, while SLAS provides a SPC-led, school-based technocratic assessment of grade-level competencies statewide to inform targeted interventions. For instance, ASER 2024 results in Tamil Nadu indicated post-pandemic recovery in rural foundational skills but levels still lagging 2018 benchmarks, whereas SLAS 2025 revealed declining proficiency in higher grades and technical subjects, with Kanyakumari district leading at 66.5% overall average; southern districts, girls, and aided schools generally outperformed others. These insights drive action plans, such as performance-based grouping in Coimbatore for remedial support and statewide resource allocation.

Regarding accuracy and credibility, ASER's transparent NGO approach delivers a representative

rural overview but has faced criticism from the Tamil Nadu Education Minister for its volunteer-driven household data collection. SLAS, as a semi-official technocratic evaluation, boasts higher institutional trust for policy use, bolstered by its extensive scale across rural and urban government schools.

ASER 2024 and SLAS 2025: A Comparison

ASER 2024	SLAS 2025
NGO-led (Pratham Foundation) Household-based, rural-only Focus: Foundational literacy & numeracy Sampling: 876 villages, 30 districts Advocacy tool highlighting learning crisis	Technocratic led (SPC, Tamil Nadu) School-based, state-wide (rural + urban) Focus: Grade-level competencies (Classes 3, 5, 8) Sampling: 980,340 students, 45,924 schools Diagnostic tool guiding school reforms
ASER → Foundational skills snapshot. Shows basic skills in rural areas. How many children can read/do math. SLAS → Curriculum-linked diagnostic tool. Shows school-wide curriculum achievement in rural and urban areas; Or how well schools teach the curriculum	

Table A6.1: State Expenditure on Social Sector: 2019-20 to 2024-25 RE

Heads	2021-22	2022-23	2023-24	2024-25	2025-26(RE)	Avg. Growth %
in rupees crores						
Education, Sports, Art and Culture	38678	45147	47223	46964	54113	9.00
Health and Family Welfare	19012	17621	17773	20211	20957	2.74
Water, Sanitation, Housing & Urban Development	17556	15894	15378	17198	13826	-5.12
Welfare of SC, ST & OBCs	3269	4378	5032	5426	6023	16.92
Labour and Labour Welfare	597	715	1020	979	3344	74.99

Social Welfare and Nutrition	24087	18219	28155	34937	36977	15.03
Civil Supplies	9534	13768	11208	11515	21224	28.22
Others	534	1318	1063	936	1400	41.27
Social Expenditure	113268	117059	126852	138167	157864	8.72

Table A6.2: Social Welfare Schemes in Tamil Nadu

	Women Welfare Schemes	No. of beneficiaries				
		2020-21	2021-22	2022-23	2023-24	2024-25
1	Moovalur Ramamirtham Ammaiyar Higher Education Assurance (“Pudhumai Penn” Scheme)			2,09,365	2,73,596	4,06,065
2	Tamizh Pudhalvan Scheme					3,80,467
3	Four types of Marriage Assistance Schemes:					
	Dr.Muthulakshmi Reddy Ninaivu Inter-caste Marriage Assistance	1,637	2,461	2,095	3,587	3,461
	Dr.Dharmambal Ammaiyar Ninaivu Widow Remarriage Assistance	34	32	27	32	11
	E.V.R. Maniammaiyar Ninaivu Poor Widow’s Daughter Marriage Assistance	2,687	4,892	4,319	19,407	4171
	Annai Theresa Ninaivu Orphan Girls Marriage Assistance	538	647	571	1,909	293
4	Sathiyavani muthu Ammaiyar Ninaivu Free Supply of Sewing Machine	3000	2,250	2,250	2,812	3766
5	Safe City Project (Pink Auto Scheme)					165
6	Women Tailoring Industrial Co-operative Societies (No. of members)		85,020	83,368	84,332	84,863
7	Government Service Homes	527	564	626	583	572
8	Working Women Hostels	351	348	162	168	66

	Child Welfare					
9	Girl Child Protection	29,344	33,359	35,674	34,530	18,841
	Senior Citizens Welfare					
10	Integrated Complexes of Special Homes for Senior Citizens and Destitute Children	2,025	1,948	1,933	1915	1854
11	Old Age Home run by Non-Governmental Organizations with State fund.	724	711	717	812	773
	Transgender Welfare Board					
12	Transgender Welfare Board (*Covid-19 Relief Fund)	8,591*	203	205	209	194
13	To provide monthly pension -Rs.1000/- to Destitute transgenders above 40 years	999	1,071	1,311	1,482	1,599
14	Self – Employment Grants For Transgenders		203	205	209	194
	Chief Minister's Breakfast Scheme					
15	Chief Minister's Breakfast Scheme for 1st to 5th class students			1,54,108	15,75,900	17,53,257
	Nutritious Meal Programme					
16	Puratchi Thalaivar MGR Nutritious Meal Programme	48,56,783	42,13,617	46,70,458	44,72,479	42,71,953

Source: Social Welfare and Women Empowerment Department "Performance Budget" Various Issues, GoTN.

Table A6.3: Social Security Pension Schemes in Tamil Nadu

		2021-22	2022-23	2023-24	2024-2025
	Schemes	Number of Beneficiaries			
1	Indira Gandhi National Old Age Pension	14,60,159	14,36,569	14,18,073	13,67,904
2	Indira Gandhi National Disability Pension	64,623	63,769	62,109	70,977
3	Indira Gandhi National Widow Pension	5,72,258	5,29,728	5,08,042	5,37,502
4	Differently Abled Pension	3,52,697	4,04,345	4,39,178	4,66,298
5	Destitute Widows Pension	5,69,789	6,16,016	6,67,036	6,14,564
6	C M Uzhavar Pattukappu Thittam Pension	2,82,974	2,63,194	2,48,262	2,34,900
7	Destitute / Deserted Wives Pension	1,20,389	1,18,462	1,18,407	1,15,370
8	Pension to unmarried, poor, incapacitated women of age 50 years and above	25,486	25,655	25,542	24,486
9	Sri Lankan Refugee Pension	4,383	4,296	4,320	4,073
	Total	34,52,758	34,62,034	34,90,969	34,36,074

Source: Social Welfare and Women Empowerment Department "Performance Budget" Various Issues, GoTN.

10. Women and Welfare

List of Welfare Schemes Applicable/Implemented for Women in Tamil Nadu

	Scheme Name	Start Year	Purpose
	Accommodation & Safety		
1	Government Service Homes	1950s	Widows, deserted wives, economically backward women and girls rescued from child marriage
2	Working Women's Hostels (Thozhi)	1990s (refurbished and new additions starting in 2023)	Long-term and short-term accommodation for working women/students who migrate/ travel for employment, training, or education
3	Sakhi - One Stop Centre (OSC)	2015	Integrated support for women affected by violence
	Economic Empowerment		
4	Amma Canteen Employment	2013	Rs 7,500-9,000 monthly salary; priority to widows
5	Sathyavani Muthu Ammaiyar Free Sewing Machine	Pre-2000	For widows, deserted wives, poor women, differently abled men and women
6	Tamil Nadu Corporation for Development of Women (TNCDW) - SHG Support	1983	Provides training, facilitates bank linkages for loans and assists with income-generating activities.
7	Chief Minister's Thayumanuvar Scheme	2025	Provision of rations, food items for the elderly, includes single mothers, widows.
8	Kalaignar Magalir Urimai Thogai	2023	Grant of Rs. 1,000 monthly for women heads of families for unpaid domestic work
9	Nannilam Women Landownership Scheme	2004	For Scheduled Caste women to purchase land
	Education Support		
10	Free Bicycle Scheme	2001	Free bicycles
11	Free Laptop Scheme	2011 (revived 2025)	Free laptop or tablet for college students

12	Free School Uniforms & Textbooks	Various	Uniforms, textbooks and stationery for school children
13	Moovalur Ramamirtham Ammaiyar Higher Education Assurance (Pudhumai Penn)	2022	Provision of financial benefits to girl students to decrease early marriage and increase higher education enrollments
14	Naan Mudhalvan Scheme	2022	Skill development, career guidance and training for competitive exams for students, including women
	Girl Child Protection		
15	Chief Minister's Girl Child Protection Scheme	1992	Rs 50,000 fixed deposit for a single girl child, Rs 25,000 for two girl children - financial incentive to empower girl children
16	Imaigal Scheme	2023	Protection framework for girls against sexual crimes
	Health & Life Insurance		
17	Chief Minister's Comprehensive Health Insurance Scheme	2009 (revamped 2012)	Insurance coverage for poor individuals
18	Menstrual Hygiene Management and Free Sanitary Napkin Scheme	2011	Free distribution through anganwadis, schools, PHCs. Another scheme - 3 packs (18 pads) every 2 months
19	HPV Vaccination Scheme	2024-25	For girls under 14 to prevent cervical cancer
20	Innuyir Kappom - Nammai Kakkum 48	2021	For road crash victims
21	Makkalai Thedi Maruthuvam	2021	Home-based healthcare services including screening tests and drug delivery
	Marriage & Family Support		
22	Annai Teresa Orphan Girl Marriage Assistance	1985	Marriage assistance for orphan girls
23	Dr. Dharmambal Widow Remarriage Assistance	1975	Support for widow remarriage
24	E.V.R. Maniammaiyar Widow Daughter Marriage Assistance	1975	Financial assistance for widow's daughter marriage
25	Moovalur Ramamirtham Marriage Assistance	1989	Rs 50,000 cash + 8-gram gold to girls for marriage, now replaced with Pudhumai Penn Scheme for higher education

26	Old Age / Widow / Destitute Pensions	Pre-2000	Rs 1,000 monthly pension to destitute women
	Maternity & Child Care		
27	Amma Baby Care Kit	2015	16-item kit worth Rs 1,000
28	Amma Maternity Nutrition Kit	2019	Nutrition kit and financial assistance of Rs. 14,000
29	Cradle Baby Scheme	1992	Prevents female infanticide through safe surrender facilities
30	Dr. Muthulakshmi Reddy Maternity Benefit Scheme	1987	Rs 14,000 cash + Rs 4,000 nutrition kit for pregnant women
	Nutrition Programs		
31	Anemia Mukt Bharat	2018	Iron-folic acid supplementation, deworming and testing and treatment of anaemia
32	ICDS - Supplementary Nutrition	1975	Take-home rations, hot cooked meals to improve nutrition of children under six, pregnant and lactating women
33	POSHAN Abhiyaan / Mission POSHAN 2.0	2018	To improve nutrition and health outcomes for children, adolescent girls, pregnant women, and lactating mothers
34	Puratchi Thalaivar MGR Nutritious Meal Programme	1982	Provides cooked meals to school children, benefits mothers as caregivers and provides employment for women
35	SABLA Scheme for Adolescent Girls	2010	Nutrition, health, life skills for girls 11-18 years
	Pension & Social Security		
36	Tamil Puthalvan Scheme (extended to transgender)	2025	Rs 1,000 monthly to support higher education; parallel to Pudhumai Penn
37	Transgender Welfare Schemes	2008	Pensions, subsidies for starting businesses and provision of house pattas for transgender people
	Protection Against Violence		
38	181 Women Helpline	2018	Toll-free helpline for women in distress, violence support
39	Protection of Women from Domestic Violence Act Implementation	2005	Protection officers, counselling, shelter homes, and legal aid

40	Tamil Nadu Victim Compensation Scheme	2013	Compensation for acid attack, rape, and domestic violence victims
	Transport & Mobility		
41	Magalir Vidiyal Payanam (Free Bus Travel)	2021	Free bus rides for women and transgenders
42	Pink Auto Scheme	2025	Grants for women auto drivers
	Women Entrepreneurship		
43	Annal Ambedkar Business Champions Scheme	2023	35% capital subsidy (max Rs 1.5 cr); 6% interest subvention for SC/ST women
44	NEEDS (New Entrepreneur-cum-Enterprise Development) Scheme	2012	25% capital subsidy (max Rs 25 lakh) + 3% interest subvention; women get an additional 5% subsidy
45	TIIC Women Entrepreneur Loans	Various	A capital subsidy of 25% of the project cost; preferential interest rates for women
46	UYEGP (Unemployed Youth Employment Generation Programme)	2010	25% subsidy (max Rs 3.75 lakh); loans up to Rs 15 lakh; special category for women
47	Women Entrepreneurship Development Programme	Various	Training, mentoring, and support for women entrepreneurs
	Other Initiatives		
48	Agal Vilakku	2025	Cyber safety and digital support
49	Green Tamil Nadu Mission	2022	Women's SHGs involved
50	Neengal Nalama Scheme	2024	Feedback collection on welfare schemes
51	Ungaludan Stalin Camp	2025	Service delivery at the doorstep

Source: Collated by the authors from various government websites/reports, as of 20th November 2025

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